



## Top 3 Canadian Stocks to Buy at a 15-22% Discount

### Description

Buy the dip, sell the rally. While that's a popular line in the stock market, very few implement it. This is because not all stock price dips will lead to a rally. Hence, you need to understand the reason for the dip, and only then should you buy the dip.

### Why is buying the dip difficult?

For instance, **Lightspeed Commerce** stock dipped 30% in two weeks after investing firm Spruce Point Management alleged Lightspeed for inflating customer numbers. The market is divided over whether to [buy or sell this dip](#). It is a dilemma that stops you from buying the dip. The very reason the stock surged was because of its widening customer base.

If Spruce Point is telling the truth, it means a tainted image for Lightspeed. Investor confidence is the foundation of good stock, and such reports shake this very foundation. Instead of Lightspeed, consider three stocks trading at a 15-22% discount. They are a buy on the dip.

- **Dye & Durham** ([TSX:DND](#))
- **goeasy** ([TSX:GSY](#))
- **Enghouse Systems** ([TSX:ENGH](#))

### Dye & Durham stock

Dye & Durham stock is trading 22.58% below its September high. What is causing this dip? Is it that investors are booking profits as the stock surged over 220%, or is it something else? I looked into the updates, and there are no negative updates that could pull the stock down. The company even [recapitalized](#) to keep its balance sheet strong. Nothing is wrong with its fundamentals.

This only means profit booking. The technical indicators show the stock is moving toward the oversold category as the Relative Strength Index (RSI) falls to 24. An RSI below 30 is oversold. This is the first time since its [initial public offering](#) (IPO) that the stock's RSI has dipped so low. This selling spree

pulled the share below the 200-day moving average.

The technical indicator shows that the stock is trading near its bottom. When a fundamentally strong stock is oversold, it can only go up. But it is difficult to say when it will surge. Dye & Durham enjoys strong cash flows as its clients are in a long-term deal.

This is the right time to buy the stock before it returns to growth. While I don't think Dye and Durham's share will surge 200% in a year, it has the potential to deliver double-digit growth.

## goeasy stock

goeasy share is trading at a 15% discount from its September high. The alternative lending company had a strong 2020 as it saw high loan repayments and an increase in the uptake of loan insurance. The company has launched auto loans as it seeks to leverage the pent-up demand for vehicles. The company expects an increase in point-of-sale credits as consumer spending habits return to normalcy.

Here again, the fundamentals remain unchanged. An RSI of 37 shows some investors have booked profit. This is common in September as many mutual funds have their financial year-end and they book profits to reflect in their statement. This is a good time to buy the dip. This stock can give you double-digit growth as it rides the holiday season rally.

## Enghouse Systems

Enghouse Systems stock is trading at a 15% discount from its September high. The company is in the business of acquiring software business. Even in software, it targets four verticals: contact centre, transportation, telecom, and geographic information systems. The pandemic improved demand for Vidyo and Dialogic video communication solutions, which Enghouse acquired in 2019.

The ease in lockdowns has removed Enghouse from the power booster mode and the 14% correction has brought the stock to normal growth. The share is nearing oversold, with an RSI of 36. This is a good time to buy.

## Investor takeaway

The above three stocks might continue to see weak prices for some time. But they are trading at discounts that are too attractive. Even if they don't make a new high and return to their September levels, it's a 15-25% growth per stock. If you invest \$1,000 in each of the three shares, you could convert \$3,000 to around \$3,550.

So buy the dip and sell the rally.

### CATEGORY

1. Investing
2. Tech Stocks
3. Top TSX Stocks

## TICKERS GLOBAL

1. TSX:DND (Dye & Durham Limited)
2. TSX:ENGH (Enghouse Systems Ltd.)
3. TSX:GSY (goeasy Ltd.)

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## Date

2025/09/12

## Date Created

2021/10/13

## Author

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