



2 Unloved 2021 Stocks That Could Soar in 2022

Description

Contrarian investors are search for stocks that might be oversold now that [tax harvesting](#) for 2021 is over. Buying unloved stocks comes with risks, but there can also be big rewards when the market mood reverses course and investors decide the stocks are good speculative buys.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) stock is down 24% in 2021 and about 40% below the 2020 high when the price of gold soared to US\$2,080 per ounce. Gold currently trades at US\$1,815 per ounce. That's only about 5% shy of where it began 2021.

The drop in Barrick Gold's share price appears overdone, especially when you look at the quality of the company's balance sheet and its portfolio of assets.

Barrick Gold reduced its net debt from US\$13 billion to zero in recent years through non-core asset sales and a rebound in the price of gold. The company currently owns six of the top 10 gold mines on the planet and continues to make strategic acquisitions of promising resources around the globe. Exploration success in 2021 has effectively replaced the gold the company extracted this year, and Barrick Gold generated robust free cash flow in Q3 2021.

Investors received a special return of capital in 2021 in addition to the dividend. A dividend increase wouldn't be a surprise in 2022.

Market conditions are favourable for a gold rally in the coming year. Inflation fears could provide a tailwind as investors seek to protect purchasing power. Safe-haven demand could also ramp up if investors start to lock in stock profits and boost gold holdings.

Gold might also benefit from a transition out of cryptocurrencies, as regulators in the United States and other countries target the sector.

The gold market can be volatile, but 2022 could see the price of the yellow metal take another run at

US\$2,000. If that happens, Barrick Gold's share price should move meaningfully higher.

Canopy Growth

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) trades near \$11.50 per share on the TSX at the time of writing. The stock topped \$70 at one point in February this year but has trended steadily lower through most of 2021. This is a classic example of the dangers investors face when trying to catch a falling knife.

Analysts have soured on the stock in recent months citing weaker-than-expected sales and a longer-than-expected delay before the United States might legalize the sale of cannabis products at the federal level.

Buying Canopy Growth stock at the current level is a speculative bet, but there is attractive upside potential. The company continues to make acquisitions that put Canopy Growth in a strong position to capitalize on U.S. federal legalization, if it eventually occurs.

Having **Constellation Brands** as the major shareholder and driver of Canopy Growth's strategy is also positive. Constellation Brands likely isn't happy that its \$5 billion investment at \$48.60 per share in Canopy Growth in 2018 has deteriorated in value, but the company appears committed to make Canopy Growth successful in the cannabis-infused drinks market. Constellation Brands increased its stake in May 2020 to 38.6%.

Investors have a habit of moving into this stock at the beginning of the year. There is no guarantee that Canopy Growth will soar in early 2022, but the stock is now beaten up so badly that contrarian investors who have a positive outlook on the cannabis industry might want to take a small position.

The bottom line on cheap stock to buy for 2022

Barrick Gold and Canopy Growth are currently out of favour, but the stocks could deliver strong returns for investors in 2022. Risks remain and more downside could certainly be on the way, but these stocks appear oversold at current prices.

CATEGORY

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2. NYSE:B (Barrick Mining)
3. TSX:ABX (Barrick Mining)
4. TSX:WEED (Canopy Growth)

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