3 Oversold Stocks to Buy at a Huge Discount

Description

If you are looking for the relatively recent buying/selling trends and want to observe the current attitude of investors about security, the Relative Strength Index (RSI) is a good metric to track. It tells you when a stock is overbought or oversold, so you can make up your mind accordingly.

Many oversold stocks are heavily discounted and, thus, amazing investment opportunities. And there are three such stocks that you should keep an eye on (for now).

A real estate tech stock

Real Matters (TSX:REAL) has been in a slump for a very long time after going through a swift growth pace, which shot the stock up over 800% in fewer than 20 months. Since its Aug. 2020 peak, the stock has been declining at a steady pace, and it's already down 83%. However, it still hasn't reached the point it started rising from ($3.5 per share).

The RSI for the stock went below 20 in January, and it's still hovering in the 30s, near the oversold territories. If the stock is expected to go down further, the chances are that it may become oversold again, but it's already discounted enough. The company may see more investor activity if the real estate market becomes overheated in the U.S. or its financials start standing out from the past performance.

An online grocery company

Another stock that's too far removed from its glory days valuation is **Goodfood Market** (TSX:FOOD), the online grocery store that saw phenomenal post-pandemic growth, which was only natural. It hitched an early recovery ride thanks to its association with the tech sector, which was the early bird recovering sector in the TSX. And since it's a grocery stock, it gained even more traction.

It rose almost 600% in less than a year. The fall has been just as phenomenal, and the stock is currently trading at a 79% discount from its yearly peak. Its RSI is also just above 30, which makes it relatively oversold as well.

The business model and its overlap with the tech sector make it a volatile but promising stock for powerful short-term growth (under the right circumstances).

An air purification equipment company

Xebec Adsorption (TSX:XBC) is the most heavily discounted stock on this list. It started falling in Jan. 2021 and is currently trading at an 84% discount from its peak. This was preceded by a 429% growth spike from its market crash valuation. Before that, it was an incredibly alluring growth stock. In the three years preceding the market crash, the stock grew over 2,000%, which is quite powerful, even for a growth stock.

The stock hasn't fallen below a $1 share price yet, and the chances of it are getting slimmer, especially now when the stock is starting to move upward. Its 15% jump in the last week is the highest since the Oct. 2021 spike. But we have yet to see if it's just one spike or a pattern in the making. But it's worth buying as soon as it falls below $1.

Foolish takeaway

The three might be discounted, but none of them, except perhaps Real Matters, are undervalued stocks . However, they are all ripe for growth, and even if you are not buying them right away, you may consider keeping track of these three companies and buying before the discount entirely runs off.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)
2. TSX:REAL (Real Matters Inc.)
3. TSX:XBC (Xebec Adsorption Inc.)

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