ALERT: 3 Cheap Stocks That Have Sent Off a Buy Signal

Description

The **S&P/TSX Composite Index** was up 25 points in mid-morning trading on August 16. Health care, battery metals, and information technology sectors took the biggest hit to kick off the new trading day. Meanwhile, sectors like base metals, telecoms, utilities, and financials enjoyed a small uptick. Today, I want to look at three cheap stocks that have slipped into technically oversold territory in the middle of August. Let's jump in.

Here's a utility that just fell into oversold territory

TransAlta (TSX:TA)(NYSE:TAC) is a Calgary-based company that owns, operates, and develops a diverse fleet of electrical power-generation assets in Canada, the United States, and Australia. Shares of this cheap stock have dropped 6.2% in 2022 at the time of this writing. The stock is still up 4.4% in the year-over-year period.

This company unveiled its second-quarter (Q2) fiscal 2022 earnings on August 5. Cash flow from operating activities climbed $209 million year over year to a positive $129 million. EBITDA stands for earnings before interest, taxes, depreciation, and amortization. This measure seeks to give a more accurate picture of a given company's profitability. TransAlta delivered adjusted EBITDA of $279 million — down 13% from the prior year.

The Relative Strength Index (RSI) is a technical indicator that aims to measure a security's price momentum to determine whether it is undervalued or overvalued. This cheap stock last had an RSI of 29. That puts TransAlta in technically oversold territory at the time of this writing.

This cheap stock offers exposure to an exciting sector

CAE (TSX:CAE)(NYSE:CAE) is a Montreal-based company that provides simulation training and critical operations support solutions to a worldwide client base. This cheap stock has plunged 17% in the year-to-date period. Its shares have declined 23% in the year-over-year period.

Investors got to see this company's first-quarter fiscal 2023 results on August 10. It reported total revenue of $933 million — up from $752 million in the first quarter of fiscal 2022. Meanwhile, adjusted segment operating income fell to $60.9 million compared to $98.4 million in the previous year. Orders hit $1.04 billion, which powered CAE to post a record $10.0 billion backlog. It was forced to revise down its annual growth outlook.

Shares of this cheap stock currently possess an RSI of 29. That also puts CAE in technically oversold levels at the midway point in August. Investors on the hunt for discounts may want to snatch up CAE, as it offers exposure to the burgeoning aerospace and defence sectors.

Investors hungry for gold may want to snatch up this cheap stock

Centerra Gold (TSX:CG) is the third cheap stock I'd look to snatch up on the morning of August 16. This Toronto-based gold mining company is engaged in the acquisition, exploration, development, and operation of gold and copper properties in North America, Turkey, and around the world. Its shares have plunged 42% so far in 2022.

In Q2 2022, Centerra Gold posted an adjusted loss of $36.2 million, or $0.12 per common share. The spot price of gold has suffered in 2022 as central banks in North America have pursued aggressive rate hikes. This stock offers a quarterly dividend of $0.07 per share. That represents a solid 4.5% yield.

This cheap stock last had a very attractive price-to-earnings ratio of 3.7. It possesses an RSI of 26, putting Centerra Gold in technically oversold territory.

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2. NYSE:TAC (TransAlta Corporation)
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4. TSX:CG (Centerra Gold Inc.)
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