

Four of the Most Oversold Stocks on the Market

Even with the trade war raging out of control, it's become tough to ignore some of the most oversold stocks on market.

In fact, here are some of the top ones we have on our radar screen, as buy opportunities.

Opportunity No. 1 – Bank of America (NYSE:BAC)

BAC provides banking and financial products and services for individual consumers, small- and middle-market businesses, institutional investors, large corporations, and governments worldwide. It operates in Consumer Banking, Global Wealth & Investment Management (GWIM), Global Banking, and Global Markets segments.



Over the last few weeks, shares of BAC were hammered on an inverting yield curve, with the stock at triple bottom support around \$26.72. As long as that support level holds, we are likely to see a sizable recovery. It's also excessively oversold on relative strength (RSI), MACD, Williams' %R, and is just beginning to find support at its lower Bollinger Band. With patience, we believe BAC could refill its bearish gap around \$31 before heading higher.

Opportunity No. 2 – Pfizer (NYSE:PFE)

PFE discovers, develops, manufactures, and sells healthcare products worldwide. It offers medicines and vaccines in various therapeutic areas, including internal medicine, vaccines, oncology, inflammation and immunology, and rare diseases under the Lyrica, Chantix/Champix, Eliquis, Ibrance, Sutent, Xalkori, Inlyta, Xtandi, Enbrel, Xeljanz, Eucrisa, BeneFix, Genotropin, and Refacto AF/Xyntha brands.



In recent days, Pfizer plummeted from \$44 to \$34.60 after announcing a deal to hand off a division that makes older drugs to Mylan. Following this, Pfizer says it will be a smaller company with a focus on biopharma and a strong pipeline. “As a result, our product portfolio and pipeline will more easily move the needle in terms of growth impact given our smaller size,” the company told Barron’s. “In addition, we will continue to have a very strong balance sheet with a solid credit rating.” In our opinion, this \$10 pullback is a severe overreaction, and we believe Pfizer will refill its bearish gap at \$42 and head higher with patience. It’s excessively oversold at its lower Bollinger Band with unsustainably oversold RSI, MACD, and Williams’ %R.

Opportunity No. 3 – Etsy Inc. (NASDAQ:ETSY)

ETSY operates as a commerce platform to make, sell, and buy goods online and offline worldwide. Its platform includes its markets, services, and technology, which enabled users to engage its community of sellers and buyers. The company offers approximately 45 million items across approximately 50 retail categories to buyers. It also provides various seller services, including direct checkouts, promoted listings, and shipping labels, as well as Pattern by Etsy to create custom Websites; and seller tool and education resources to start, manage, and scale businesses to entrepreneurs primarily through Etsy.com.



In recent days, the company reported quarterly earnings that beat Wall Street's expectations, but lowered its profit outlook. In fact, Etsy earned 14 cents a share in the second quarter, which was a penny higher than expected on revenue of \$181.1 million, which was \$2 million below expectations. However, the company did boost its outlook for full-year revenue and gross merchandise sales.

The stock fell from \$70 to \$52.89 – another overreaction, in our opinion. It's also oversold at its lower Bollinger Band, on RSI, on MACD, and on Williams' %R. Near-term, we would like to see a bearish gap refill at \$70.

Opportunity No. 4 – Kratos Defense & Security Solutions (NASDAQ:KTOS)

KTOS provides mission critical products, solutions, and services in the United States. The company operates through two segments, Kratos Government Solutions and Unmanned Systems. The Kratos Government Solutions segment offers microwave electronic products, satellite communications, training systems, modular systems, and defense and rocket support services. The Unmanned Systems segment provides unmanned aerial systems, and unmanned ground and seaborne systems. It serves national security related agencies, the department of defense, and intelligence agencies.

It's also oversold on Bollinger Bands, RSI, MACD, and Williams' %R. Better yet, Goldman Sachs just upgraded the stock on the idea that military drones are set to enjoy "multi-year, multi-program, strong long-term growth." Goldman believes the stock can run to \$26 in a year.