

3 Stocks Near 52-Week Lows Ready to Buy



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When a stock is trading close to its low of the last 12 months, it can be interpreted in one of two ways. Either it deserves to be there and has more downside, or it is oversold and has the fundamentals to stage a turnaround.

Taking the glass half full approach, we look at three mature, large cap companies that are trading near their 52-week lows. There have been times throughout their trading history that buying the dips turned out to be a good move—and in each case the current setup doesn't appear to be any different.

Why is Merck Stock Down?

Merck & Company (NYSE:MRK) is trading just 5% shy of its 52-week low of \$71.72. The stock had rallied \$20 off its March 2020 bottom to around \$85 in early January only to fall back

into the low \$70's. How did it get there?

Let's just say Merck has a lot on its plate these days. The pharmaceutical giant is in the midst of reorganization which includes the ushering in of new CEO Robert Davis in June after the retirement of Ken Frazier who has been at the helm for the last 10 years.

Merck is also set to wrap up the spinoff of the Organon women's health and biosimilars business later this quarter. The absence of this faster growth segment could certainly weigh on overall company growth and is a source of market concern.

Both events hold the potential to pull resources away from operations and could have an impact on near-term performance. Moreover, whenever a company brings in a new CEO and reshuffles its org chart, it adds an element of uncertainty as to whether the moves will bear fruit. Some investors lose patience and would rather rotate into other stocks than wait around for the story to play out.

The leadership shake-up and Organon spin-off have been distractions to the market as well. But as these issues fade, Merck should emerge as a more focused business with solid long-term growth prospects stemming from its strong oncology portfolio. This includes its immune-oncology blockbuster Keytruda which consulting firm GlobalData has predicted will be the world's best-selling drug by 2023.

Merck's diabetes franchise along with its vaccine and animal health businesses should also be supportive of long-term growth. Investors that are able to see the forest from the trees have healthy upside buying Merck here.

Is it a Good Time to Buy Verizon Stock?

Verizon Communications (NYSE:VZ) is trading about 9% above it's 52-week low at \$57. This week the stock has been under

pressure after T-Mobile launched its new 5G home internet service in 49 U.S. states. The high-speed service will go for \$60 a month and pit the company head-to-head against Verizon and other competitors. Rest assured, as it typically does, Verizon will probably soon throw a counterpunch that gets investors back in its corner.

This was followed by news that Verizon is recalling 2.5 million hotspot devices because of a potential fire hazard related to their lithium-ion batteries. The timing of the recall was unfortunate given how much homebound consumers are counting on mobile hotspots these days.

So, it has not been Verizon's best week, but the good news is this too shall pass. And ultimately this price level will be looked back on as a good opportunity to have gotten in on a leading telecom behemoth whose massive, growing subscriber base will continue to generate strong revenues.

Later this month Verizon will report first-quarter results. Analysts are expecting EPS of \$1.28 which would be a record performance. This should help restore the market's faith in the company and remind it of the growth opportunity ahead in 5G infrastructure. In the meantime, investors have an opportunity to scoop up some cheap, defensive Verizon shares and enjoy the 4.4% dividend.

Is the Clorox Pullback a Buy Opportunity?

The Clorox Company (NYSE:CLX) is also less than 10% away from its 52-week low of \$176.73. In hindsight, the stock was overdue for a pullback after going on a 9-month winning streak and reaching a record high of almost \$240 in August 2020.

A worldwide cavalry of germophobic consumers have driven some incredible results at Clorox during the pandemic. At some point the demand for bleach, disinfectants, and laundry detergents was bound to subside and it appears the retreat from peak sales is well underway.

However, that's not to say that Clorox won't go on to deliver steady growth in the post-pandemic world as it has for decades. Consumers will continue to purchase Clorox's popular cleaning and non-cleaning brands like Liquid Plumber drain unclogger, Fresh Step kitty litter, Glad trash bags, Kingsford charcoal, Brita water filters—and yes, the seemingly out of place Hidden Valley ranch dressing.

Speaking of dips, the 20%-plus pullback from the peak appears to be a great time to buy the dip in Clorox stock. Sure, sales growth will probably continue to slow, but as far as defensive stocks go, Clorox's diversified portfolio of leading consumer brands will make investors 'Glad' they own it during volatile market times.

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