Buy These 3 Cheap Stocks While the Market Plunges

Description

It's a great time to be buying stocks.

After mostly sitting on the sidelines over the last few months, I've been busy putting money to work. I've added to previous positions and opened up a couple of new ones. My evenings are filled with annual reports, plenty of research, and reading what other smart commentators have to say.

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I don't know when the market will recover, but I'm not about to let this opportunity go to waste. Some of Canada's finest companies are selling at a discount of 10%, 20%, or even 30% less than what they were a couple of months ago. For long-term investors, this is an opportunity that doesn't come around very often.

But which stocks should you buy? I'm taking a close look at these three beaten-up names, and I think you should too.

Rogers Communications

After being the darling of Canada's telecom sector for the better part of a decade, media and telecom conglomerate **Rogers Communications Inc.** (TSX: RCI.B)(NYSE: RCI) has stumbled lately.

The company is reeling after paying a hefty price to acquire additional wireless spectrum and signing a $5.2 billion deal to be the exclusive national broadcaster of NHL hockey in Canada. The additional debt from those deals combined with the company's weakness in wireless has led the market to push the shares down from a recent high of $52 each to current levels just over $41, which is just a little above the company's 52-week low.

Investors are focusing on the bad stuff, rather than looking at the positives. The company is still Canada's wireless leader. The NHL deal should not only increase revenues for the media division, but it'll also give the company the opportunity to bombard viewers with advertisements for other Rogers products. And new CEO Guy Laurence seems to be making smart moves, including streamlining the wireless sales process.

Plus, Rogers trades at a price-to-earnings discount compared to its peers, and pays out a generous 4.4% dividend. It's the perfect stock to buy and forget about for a couple of decades.

Enbridge

I know the future for oil looks weak in the short-term, but now is the perfect time to be buying assets in the sector that you'll hold for the next couple decades. And at the top of your list should be **Enbridge Inc.** (TSX: ENB)(NYSE: ENB), one of North America's largest pipeline operators.

More than 2.2 million barrels of oil per day slosh through the company's more than 25,000 km worth of pipelines. And not only does it have terrific current operations, but it has more than $36 billion invested in capital projects, all of which is expected to come online by 2016. That doesn't even count the Northern Gateway pipeline, which will finally allow oil sands producers to export energy to Asia in a big way.

The stock only yields 2.6%, but look for the dividend to increase nicely as these new projects add to cash flow.

Bank of Montreal

After getting a little expensive, Canada's largest banks have gone down with the market and look to be fairly priced again. They're all great companies, but **Bank of Montreal** (TSX: BMO)(NYSE: BMO) looks to be the cheapest.

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The company trades at just 12.2 times earnings, which is about a 30% discount compared to the market, and anywhere from 10% to 20% cheaper than its peers. BMO also has solid Canadian operations, good capital markets exposure, and a growing U.S. presence.

Plus, the company's dividend has just about reached 4% again, currently at 3.98%. That's about three times what an investor would get if they invested in a five-year Government of Canada bond, plus there's the potential for upside. Over the years, Canada's banks have been about as secure as you can get, making BMO a good holding for these tumultuous times.

CATEGORY

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:RCI (Rogers Communications Inc.)
4. TSX:BMO (Bank Of Montreal)
5. TSX:ENB (Enbridge Inc.)
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