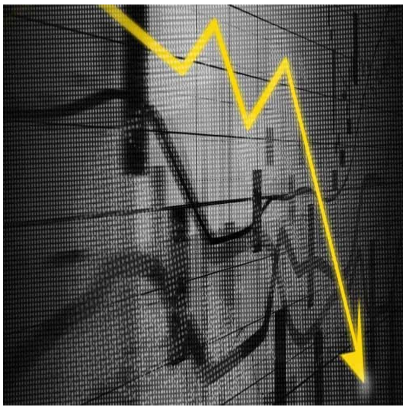

3 Dirt Cheap Stocks on the TSX

Description

This fall hasn't been the best time for Canadian stocks. After falling through October and November, the **S&P/TSX Composite Index** took another big dip this week, sliding 1.38% on Tuesday alone. Granted, this month's TSX losses haven't been as severe as those observed in the Dow, but still–the markets aren't looking good.

And that's all the more reason for long-term investors to smile. With down markets come the opportunity to profit from falling prices in asset classes that are likely to recover–especially stocks that are maintaining strong financials despite the carnage.

It just so happens that this fall's market provides plenty of depressed buying opportunities for the long-term investor. We can start with one of my favourite TSX stocks.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

CN Railway is one of Canada's oldest companies, a freight railway that makes money by charging shipping fees to customers. Trains are a far more economical shipping option than cars or trucks, so the company's core business is extremely sound. The fact that CN Railway is profiting off the weak Canadian dollar is another point in its favour.

Beyond that, CN Railway experienced 21% net income growth, 15% growth in diluted EPS and 14% revenue growth in Q3. The stock trades at a mere 13 times earnings, too, so you get a lot for what you pay for.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

CIBC trades at less than 10 times earnings right now, making it one of the cheaper bank stocks on the TSX. It doesn't have the kind of reach that **Toronto-Dominion bank** has, but it more than makes up for it in income, with a 4.95% dividend yield at the time of this writing.

Also, like TD, it has a U.S. business segment that's growing rapidly, which is a very important qualityfor a Big Five bank, as excessive domestic focus can limit growth.

Magna International (TSX:MG)(NYSE:MGA)

Last but not least, we have Magna International. Magna is a contractor to automakers that supplies services ranging from design and engineering to auto parts. The company has contracts with the Big three U.S. automakers, which makes it vulnerable as these companies are generally downsizing their North American investments. This may be part of the reason why Magna trimmed its earnings outlook for the year.

In terms of raw cheapness, however, it's #1 on this list; with a trailing P/E ratio of 9.27, it's about as cheap as you can get for a financially sound and growing company. The stock also pays a dividend that yields 2.77% at the time of this writing, which is pretty decent.

Bottom line

It's normal to be nervous in times of market jitters. But for those with the stomach for it, down markets can be great harvests. The stocks mentioned in this article have been cheap all year, but have gotten even cheaper in this cold fall season. Now may just be the time to put one of them on your holiday shopping list.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:MGA (Magna International Inc.)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:MG (Magna International Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date
2025/08/25
Date Created
2018/12/07
Author
andrewbutton