



3 Value Stocks to Buy Right Now

Description

In the midst of a record bull run, there is a tendency to sit on the sidelines and accumulate cash in the event of a market downturn. The problem with this strategy is, you can potentially miss out on further upside. Bears have been calling for a market crash for years now. Yet the markets keep hitting new highs.

Investors who have been holding onto cash have missed out on big gains. There are a couple of ways investors can deploy their cash. Invest in high-quality, [defensive stocks](#) or find stocks that provide excellent value. Today, we'll talk about the latter. It doesn't matter [how topsy the market looks](#), there is always value to be had.

With that in mind, here are three value stocks for your consideration.

Cascades

A leader in sustainable products, **Cascades** ([TSX:CAS](#)) is ideally situated to reap the reward of a shift to green technologies. It produces, converts, and markets packaging and hygiene products using recycled fibres. Over 80% of its products are made from recycled products, and 42% of the energy it uses comes from renewable sources. According to the company, its Canadian operations use 2.7 times less energy and 6.5 times less water than the competition.

Cascades has a strict growth philosophy — no project is greenlit unless it can provide at minimum a 15% rate of return. It is a strategy that has thus far paid off. Over the past five years, it has averaged 17% annual earnings growth. It's a growth rate that is expected to accelerate. Over the next five years, Cascades is expected to grow earnings by an average of 37% annually.

It is currently trading at a cheap 11 times forward earnings and below book value (0.77). It also has a tiny P/E-to-growth (PEG) ratio of 0.34. This implies that its share price is not keeping up with expected growth rates and is thus undervalued.

Western Forest Products

The entire lumber industry is undervalued. At the heart of its issue are the tough economics of lumber pricing. Although softwood lumber has remained relatively steady, panel, and pulp prices have been in a downward trend.

To make matters worse, **Western Forest Products** ([TSX:WEF](#)) has been dealing with a work stoppage at its operations in British Columbia. The strike has been in effect since early July and impacts approximately 1,500 of the company's employees.

The good news is that a couple of weeks ago, both parties resumed talks with a third-party mediator. There is currently a media blackout process, as the sides work towards a resolution. A deal will be a huge positive for the Western Forest Products and its shareholders.

With all the bad news baked in, now might be the perfect time to take a flyer on the company. It is trading at only 0.85 times book value and 12 times forward earnings. Its share price is also not keeping up with expected growth rates, as is evidence by its PEG ratio below one (0.56).

Whitecap Resources

I'd be remiss if I didn't add at least one oil and gas stock to the list. The entire industry has been hammered, and given the Federal election results, pessimism has grown. As the saying goes "buy when others are fearful," and **Whitecap Resources** ([TSX:WCP](#)) is the perfect stock to play an industry rebound.

Down 38% in 2019, Whitecap has actually held up quite well all things considered. It is trading at only 14 times forward earnings and at only half (0.5) book value. Despite industry headwinds, the company is expected to grow earnings by double digits over the next few years.

Analysts are also incredibly bullish on the company at today's prices. As the months have gone by, analysts have been changing their ratings from "hold" to "buy." Today, there is but a single holdout as 17 of the 18 analyst covering the company rate it a "buy" or "strong buy." They have an average one-year price target of \$7.03. This implies 82% upside from today's price of \$3.86 per share.

CATEGORY

1. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. TSX:CAS (Cascades Inc.)
2. TSX:WCP (Whitecap Resources Inc.)
3. TSX:WEF (Western Forest Products Inc.)

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