ALERT: 2 Dividend Stocks That Are Undervalued After the Market Crash!

Description

This week, stocks are a lot cheaper, after an unprecedented market crash that saw the Dow drop 3,600 points in a single week. The world's most followed stock index fell 1,190 points on Thursday alone, while the TSX narrowly avoided correction territory. Many stocks that were previously trading at inflated multiples are now much cheaper than before. Although Monday's market recovery blunted the edge of last week's selloff, stocks are still looking cheap. That's particularly true of dividend stocks, which saw their yields rise after the coronavirus panic sent their prices lower. The following are two TSX dividend stocks that are looking undervalued after last week's market mayhem.

Air Canada

Air Canada (TSX:AC)(TSX:AC.B) is one stock that got *severely* beaten down in last week's market crash, falling 14.5% to the TSX's 9.37%. While it staged a brief and dramatic recovery on Thursday, it quickly resumed its losses on Friday, leading to a severely depressed stock price at the end of the week. As a result, its stock is looking undervalued — at least by conventional metrics. Currently trading at 6.6 times earnings and two times book value, it's about as cheap as you can get for a TSX large cap.

However, AC is more likely to be affected by coronavirus than other stocks are. As more travel advisories are issued, more and more people will start cancelling flights, which will lead to lost revenue for Air Canada. That's likely to result in lower-than-expected earnings for the current quarter. However, the latest market panic sent energy prices lower, so the company may enjoy lower prices on fuel. It will be interesting to see how the company does when it releases earnings for the current quarter, but my guess is that the low valuation will turn out to have been justified.

Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY) is Canada's largest bank. It was also among the best-performing TSX banks last quarter, with its earnings up 11% from the same quarter a year before. Q1 2019 was a poor one for RBC and other Canadian banks, so it's not surprising that earnings spiked a year later, after the markets had recovered. Nevertheless, it was a solid showing for the bank across the board, with particularly solid results in personal and commercial banking.

Last week, RY stock got hammered in the markets, falling 7.5% by the end of the week. It wasn’t a dramatic a slide as the TSX had, but it was significant. As a result of the pummeling they took, RY shares now trade at just 11.3 times earnings and have a 4.21% dividend yield. Before you get excited about this, it should be noted that the bank’s capital markets and wealth management results for the current quarter will likely be bad when they’re revealed in a few months. The market crash all but guarantees that. Nevertheless, it’s a solid long-term stock that can now be bought cheaper than before.

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