Market Selloff: 2 Dividend Stocks That Just Became Insanely Cheap

Description

When will we hit peak virus? Will the market crash get worse? Is the bull finally dead? Is the coronavirus (COVID-19) just a bad case of the flu? When will we know when we hit the bottom? Is everyone overreacting?

These are the questions that many investors have been asking. But unfortunately, nobody has the answers, not Warren Buffett nor epidemic expert Dr. Anthony Fauci. As such, investors should stop asking the wrong questions and start focusing on where their portfolio stands in the grander scheme of things.

As the Oracle of Omaha has alluded to many times in the past, falling stocks are only a bad thing if you have to sell. So, if you're a professional money manager with someone looking over your shoulder or a soon-to-be retiree, the last few weeks of selling hell are precisely that.

For everyone else with a long-term investment horizon, though, the recent market sell-off is an opportunity to buy stocks at tremendous discounts to their intrinsic value.

Whenever Mr. Market loses his cool, he tends to be less efficient at pricing stocks. With the TSX Index tanking over 10% in a day, the opportunities are abundant for those looking to bag a bargain amid the chaos.

So, without further ado, consider the following dirt-cheap stocks if you're looking for a wide margin of safety with your purchase:

Nutrien

Agricultural commodity kingpin **Nutrien** (TSX:NTR)(NYSE:NTR) can't seem to catch a break of late. The share price recently slid off a steepening slope with a new slate of concerns that go beyond just low potash prices or nitrogen prices. The broader markets were a sea of red on Monday, and with the bull market flirting with death on its 11th birthday, even the cheapest, most battered of stocks were not spared.

Management has been optimistic about an agricultural rebound in the latter part of 2020. They've also been putting their money where their mouth is with significant insider-buying activity over the past few months. Despite this, the stock has continued to act like a falling knife, and while it's nearly impossible to time the bottom, investors may wish to initiate a starter position on the name on the way down.

Technically, Nutrien is horrid, but fundamentally the company appears sound, and its retail business severely undervalued. The stock trades at around 8.5 times EV/EBITDA and 0.9 times book, which is bottom-of-the-barrel pricing for a name that could come roaring back.

Bank of Montreal

I've been buying shares of **Bank of Montreal** (TSX:BMO)(NYSE:BMO) on the way down of late, and it hasn't been a pleasant experience, with shares getting crushed 13.3% on Monday. I felt foolish (that's a lower-case 'f') for buying the stock on Friday, but I liked the stock back then, and I liked it even more with the 13.3% discount, so I doubled down despite the uneasy feeling that comes with a 10% drop in the broader indices.

I'm not a fan of the Bank of Canada's decision to imitate the Fed's rate cut decision. It was terrible news for the financials, one of Canada's top sectors, and acted as salt in the wounds of the banks. Despite this, bank stocks are already priced with a recession in mind.

BMO is off nearly 33% from its high, with shares trading at just 8.3 times trailing earnings. While there is baggage, I'm willing to hold it if I can collect that juicy near-6% dividend yield.

Stay hungry. Stay Foolish.

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