3 TSX Stocks That Are Still Ridiculously Cheap in April!

Description

In late April, **TSX** stocks are going on a renewed slide, thanks to tanking oil prices and ongoing COVID-19 lockdowns. While prices are still nowhere near their March lows, many individual stocks are down. Predictably, energy stocks have been among those hardest hit thanks to dramatically lower global demand for oil.

The low prices in that industry may be justified. However, there are several stocks in other industries that are ridiculously cheap and worth buying right now. The following are three to consider in April.

Canadian Tire

Canadian Tire Ltd (TSX:CTC.A) has been a major casualty of the COVID-19 pandemic. With in-store traffic way down due to social distancing, its stock has declined a whopping 38%. In Ontario, Canadian Tire stores have been restricted to e-commerce sales and curbside pickup.

We still don't know what effect this will have on the company's earnings, however, which won't be released until May. However, Ontario is Canadian Tire's largest market, with 203 stores out of 503 nationwide.

Because of its massive decline, CTC.A now trades at only 7.4 times earnings; its dividend has risen to 4.9%. Given the temporary nature of CTC's headwinds, the company should bounce back from the ongoing crisis quickly, making it an undervalued bargain at today's prices.

TD Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is Canada's second largest and fastest-growing bank. Similar to most Canadian banks, it's facing a number of headaches from exposure to mortgages, oil & gas loans, and consumer credit cards.

However, it's a geographically diversified bank, with major operations in the United States, providing it with insulation from the single biggest threat facing Canadian banks today: potential defaults on oil & gas loans.

If oil prices stay in the gutter long term, banks like **CIBC** are going to get crushed by defaults. TD has less exposure to this because of its geographic diversification.

Royal Bank

The **Royal Bank of Canada** (TSX:RY)(NYSE:RY) is another Canadian bank that benefits from geographic diversification. While its core retail banking operations are based in Canada, it has a large U.S. wealth management business that drives a significant percentage of its revenue.

Like TD's U.S. retail business, this business provides a cushion against losses on oil & gas loans. All Canadian banks are facing risks from such loans, but those that are geographically diversified have proportionately less exposure.

As a result of the recent selloff, RY shares are now trading at 9.4 times earnings with a dividend yield of 5.13%. So this is a cheap stock with significant income potential. That said, there is some risk a dividend cut.

U.S. bank **JP Morgan** recently released a quarterly report showing an unprecedented increase in provisions for credit losses (PCLs). PCLs are funds that have to be set aside to cover future loan losses.

If Royal Bank has to dramatically increase its PCLs, then it will have less available earnings to pay dividends with. So a cut is a real possibility.

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