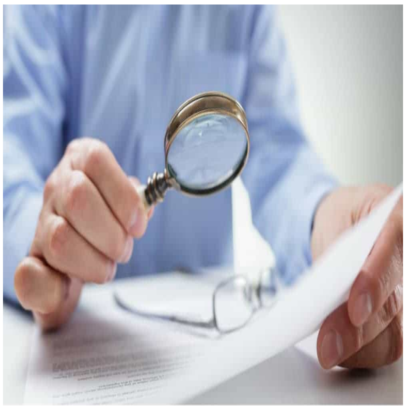

2 Super-Cheap TSX Stocks to Watch

Description

As markets struggled through most of March, blue-chip stocks have traded lower. Now, there are some cheap TSX stocks available for long-term investors to pounce on.

With a long enough investment horizon, any potential turbulence ahead in the near term will be negligible. As such, investors can now seek out stocks at attractive valuations with solid yields to buy and hold for the long term.

However, it's important to be aware of the risks surrounding any individual stock. In some cases, the stock may have just been dragged down with the market. But, in other cases, the stock is facing some true challenges ahead.

Today, we'll look at two cheap TSX stocks investors can keep an eye on and what might be in store for these stocks.

RBC

Royal Bank of Canada (TSX:RY)(NYSE:RY) is the largest bank in Canada by market cap. When it comes to rock-solid stocks, RBC is right up there with the best.

This stock has climbed a bit in the past week or so but is still far below even its February levels. As of writing, it's trading at $85.63.

At that price, the dividend yield is 5.04%. That should be mouth-watering for investors, as it's not very common that RBC offers a yield exceeding 5%. In fact, its average yield over the past five years is below 4%.

So, at a relatively low P/E ratio and with an outsized yield, this cheap TSX stock seems to offer great value to investors.

Now, it should be noted that the bank will face some challenges in the near term. Lower interest rates mean lower margins generally, and mortgage deferrals could make for a cash flow pinch.

However, RBC is quite well capitalized and has a healthy balance sheet. It also has liquidity support measures to fall back on courtesy of the government. As such, I wouldn't bank on RBC slashing its dividend any time soon.

Sure, we might see slower growth for a short period, but over a long horizon, there isn't much to worry about here.

Suncor

Suncor Energy (TSX:SU)(NYSE:SU) is an energy company based out of Alberta. It mainly focuses on producing synthetic crude from its resources in the oil sands.

This cheap TSX stock is trading at $24.82 as of writing. That figure is a far cry from its late-February levels of above $40.

With that price, the stock is currently yielding a mammoth 7.49%. So, for investors looking for a blue-chip stock with a big dividend, it seems Suncor is attractive.

However, there are some serious concerns in the oil industry right now. In fact, a lot of Canadian producers are operating at just breakeven prices right now.

This has certainly, in conjunction with the global pandemic, led to the steep drop in energy stocks. If you don't want to make a bet on the Canadian oil market, then staying away from Suncor is probably a prudent move.

Choosing cheap TSX stocks

With many stocks trading at solid long-term valuations right now, investors have options. As such, it's vital to carefully weigh the risk/reward ratio of individual stocks in these times.

RBC is a solid choice for those looking to lock in a big, reliable yield. While Suncor might have an even more attractive yield, it carries some direct risk with the oil situation. For some, it might not be worth taking on that extra risk.

CATEGORY

1. Bank Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)

2. NYSE:SU (Suncor Energy Inc.)
3. TSX:RY (Royal Bank of Canada)
4. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Energy Stocks
3. Investing

Tags

1. Editor's Choice

Date
2025/08/26
Date Created
2020/05/01
Author
jagseguin