



3 Cheap Stocks to Invest in With \$500 Right Now

Description

Although \$500 may not seem like much to be investing, through the power of long-term compounding, it [could make a remarkable difference](#) over decades, especially if you're a younger investor who's just starting a journey into the investment world.

With the [coronavirus crisis](#) clouding the medium-term outlook for many businesses, nibbling on cheap stocks in \$500 increments isn't the worst idea in the world if your trading commissions are low (less than \$9.99). With pressure on brokerage commissions, dollar-cost averaging in relatively small increments may be the best course of action for risk-averse investors to combat a wildly volatile stock market.

Without further ado, consider picking up one of the following three TSX-traded stocks if you're looking to put your extra \$500 to work.

Canadian National Railway

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) is the backbone of the Canadian economy and is an excellent way to gauge the health of the overall Canadian (or North American) economy. The coronavirus crisis has caused an unprecedented disruption to business, and we saw this following CN Rail's latest quarterly results, which saw earnings drop by around 60%, as the pandemic took its toll, with pronounced weakness in oil and auto shipments.

Although the results seemed alarming, they were not nearly as bad as what could have been given the devastating impact of COVID-19. Grain and fertilizer shipments maintained resilience, and with peak weakness likely in the rear-view mirror, I'd say now is a great time to pick up shares of the efficient railway, as it looks to bounce back from one of the worst economic shocks in recent memory.

At \$130, the stock isn't a huge bargain, but it's still a pretty good long-term value, given CN Rail could easily make up for lost time over coming quarters as the economy inches back towards normalcy.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is an agricultural commodity kingpin that's faced a considerable amount of pressure over the years. Fertilizer prices have been weak, and the COVID-19 crisis has acted as salt in the wounds of the already heavily out-of-favour firm. While Nutrien is unlikely to come soaring back overnight, I think there's deep value (shares trade at 0.85 times book) to be had for patient long-term value investors.

Cyclical turnarounds can take a ridiculously long time. Fortunately, Nutrien has more than enough liquidity to survive the latest onslaught and a bountiful 5.6%-yielding dividend to reward contrarians willing to wait for Nutrien to stage a comeback alongside a cyclical recovery for agricultural commodities. As the global economy recovers from this crisis, I expect to see some relief in the stock, but think it could take at least another year for fertilizer prices to come back.

IA Financial

IA Financial ([TSX:IAG](#)) is an insurer that's down 40% from its pre-pandemic high. The stock sports a below-average 4.2% dividend yield, but with a valuation that's absurdly cheap, value hunters may wish to scoop up shares of the battered non-bank financial to play a potential comeback.

The dividend leaves a lot to be desired, but if you seek a wide margin of safety and are willing to go against the grain, IA Financial looks like a worthy bet, as shares remain ridiculously cheap after posting a muted recovery from the first-quarter coronavirus crash.

At the time of writing, IAG stock trades at 0.87 times book and 0.38 times sales, both of which are the lowest they've been in over nine years. The dividend looks well covered and is one of the cheaper ways to finance your income stream. While I don't expect IAG to correct to the upside anytime soon, I think value investors should find comfort in the name, as it moves past this challenging industry environment.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:NTR (Nutrien)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:IAG (iA Financial Corporation Inc.)
5. TSX:NTR (Nutrien)

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Date

2025/07/22

Date Created

2020/07/23

Author

joefrenette

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