2 TSX Stocks That Are Too Cheap to Ignore

Description

The stock markets had a remarkable recovery from the March 2020 bottom thanks to an unprecedented level of government spending worldwide to stimulate the economy during the pandemic. However, there are a few stocks that continue to trade at significant discounts from pre-pandemic levels. Investors who own shares of these companies can see massive profits if the stocks recover.

I will discuss two incredibly cheap stocks trading on the Toronto Stock Exchange that you could consider investing in right now. **Cineplex** (TSX:CGX) and **Suncor Energy** (TSX:SU)(NYSE:SU) are incredibly cheap right now. Let's consider whether you should buy the shares.

Cineplex

There is no telling when a viable vaccine will come out and how long it will take for things to return to normalcy. However, there is a recovery in the cards, and things can get better. While most companies have recovered to pre-pandemic levels, businesses like theatres are still struggling.

Cineplex is severely discounted on the TSX right now due to the closure of its location-based venues and theatres, dragging down profits and revenues. Cineplex reported a devastating 95% drop in its top line during the latest quarter. Its net cash burn went as high as $53.9 million during the quarter.

Lockdown measures are easing up, and the company is gradually beginning to recover. The foot traffic is not the same as pre-pandemic levels, but it can recover once its consumer demand returns to normal levels. At writing, the stock is trading for $7.69 per share, and it is down more than 77% year to date.

Suncor Energy

Suncor is a beloved Warren Buffett stock that he chooses to remain invested in, despite all the troubles that the energy sector is struggling with. The oil sands operator has been in trouble since before the pandemic, like most of its peers. The oil price wars devastated energy companies across the board, and crude oil even went into negative territory.

The pandemic and ensuing lockdowns came along to make things worse. Suncor has also faced further issues that do not spell good news for the company's short-term prospects. An accident in August that led to one of its oil sands mines catching fire further fueled investor fears; many exited their positions in the company.

Despite all the negativity surrounding the company, Buffett chooses to retain his investments in the company. Suncor is trading for $16.89 per share at writing, and it has become too cheap to ignore. As the economies recover and economic activity increases, commodity prices can rise and improve the oil company's business.

Foolish takeaway

Suncor and Cineplex are trading at highly discounted prices right now. If you want to consider the possibility of banking on the recovery of theaters and energy companies, these two stocks could present you with ideal options to consider.

I would suggest being careful with how much you allocate to either stock if you decide to invest. Consider taking a calculated but cautious position in the companies if you choose to bet on the recovery of undervalued companies.

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