Air Canada (TSX:AC) and 2 Other Cheap Stocks to Buy and Hold in October

Description

With the U.S. election on the horizon, October is shaping up to be a spooky month for the broader markets. Regardless, it would be best if you still scooped up the bargains that you spot. Volatility isn't going away anytime soon, but if you're looking to invest for the long-term (the next five, 10 or even 20 years) and are not just looking to make a quick buck through the next pandemic-plagued few months, the following three **TSX** stocks appear too cheap to ignore.

Air Canada

Air Canada (TSX:AC) is the riskiest stock on this list, as it could go insolvent if a worst-case scenario unfolds with this pandemic. In likelier cases that see a safe and effective vaccine landing some point in 2021, Air Canada stock is a buy.

Vaccines take a long time to create and administer to the masses. While Air Canada does have a strong enough balance sheet to weather another year of the coronavirus storm, there are developments other than a vaccine that could lift the ailing airlines — and I'm not just talking about a generous bailout package.

Rapid COVID testing could be the major theme of early 2021 and could bring forth tremendous relief to Air Canada's top line well before a vaccine arrives. Of course, the accuracy of such rapid tests are no guarantee, nor is Air Canada's ability to procure a sufficient number of them. Regardless, I view the development as a potential near-term catalyst that could allow AC shares to sustain a rally above $20.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is the new king of the Albertan oil patch. Shares of CNQ have outperformed its top peer Suncor Energy of late, likely because of its shareholder-friendly management team that opted to keep its dividend (now yielding around 8%) intact while pursuing a countercyclical approach to weathering the current hailstorm in the energy sector.

With the Painted Pony acquisition, Canadian Natural walked away with one of the best bargains amid this crisis. While continued pressures on oil prices amid a worsening of this pandemic could push CNQ's dividend toward its breaking point, the risk/reward is terrific here and would encourage contrarians to nibble away at shares while they're close to the cheapest they've been in recent memory.

The stock trades at a more than 20% discount to book value, which is profound value that will likely stand to reward long-term investors willing to put up with the coming year of short-term pain.

Fairfax Financial Holdings

Finally, we have **Fairfax Financial Holdings** (TSX:FFH) which took a beating amid the coronavirus sell-off. Prem Watsa's firm is in a slump, but it'd be unwise to bet against the man that walked away from the Great Financial Crisis relatively unscathed. As an insurer, Fairfax was blindsided by the pandemic, sparing few financial companies.

Even before the pandemic struck, Fairfax and Watsa were in a bit of a slump. Critics will continue doubting Watsa and his ability to beat the markets over the long run. If you're still a believer in the man and think he'll rise out of the slump stronger than ever before, there's never been a better time to invest alongside the man with Fairfax shares trading close to decade lows.

With shares of FFH trading at a near 30% discount to book value, you may want to consider initiating a position today, as the value to be had in the insurance and holding company is unfathomable. Fairfax's underwriting track record has shown signs of subtle improvement over the last few quarters despite the crisis.

As value and financials become great again, FFH stock could be in for a huge bounce, but if you want a front-row seat to such a rally, you're going to want to get into the name while it's down and out.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:AC (Air Canada)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:FFH (Fairfax Financial Holdings Limited)

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