



Got \$3,000? 3 Top UNDERVALUED TSX Stocks to Buy Now

Description

The incredible amount of buying in equities over the past eight months has led to one of the fastest recovery in the stocks that I have ever seen. Most of the top **TSX** stocks have recovered all of their losses, thanks to the economic reopening and the positive vaccine data. Despite the massive recovery rally, a few TSX-listed stocks are still trading at a discount and look attractive at the current price levels.

A top gold stock

Gold prices have receded in the recent past as the positive vaccine data and hopes of recovery in the economy led investors to shun the yellow metal and buy the stocks of the companies beaten down badly by the pandemic.

The recent decline in gold prices weighed on the shares of the gold mining companies like **Kinross Gold** ([TSX:K](#))([NYSE:KGC](#)), which declined about 32% from its 52-week high. However, it presents an excellent opportunity for investors to buy a fundamentally strong company with good growth prospects.

Kinross Gold is trading at next 12-month EV/EBITDA multiple of 3.7, which is significantly below its historical average and reflects a discount of about 35% from the peer group average of 5.7. Kinross Gold's growing production, declining production cost trends, and low valuation provide a solid underpinning for growth in the long run. Also, the reinstatement of its dividends is likely to boost investors' returns.

An undervalued energy bet

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) witnessed massive buying in November, which led to a jump of 38% in its stock in one month. However, it is still down about 49% on a year-to-date basis. The energy giant is witnessing a gradual pickup in demand and reported a noticeable improvement in its Q3 performance on a quarter-over-quarter basis.

Suncor's funds from operations came in at \$1.2 billion in Q3 compared to \$488 million in Q2. Besides, its [operating loss](#) narrowed down to \$302 million compared to \$1.5 billion in Q2. While challenges persist, the company is focusing on optimizing its product mix and reducing costs to tide over the current crisis.

While an effective vaccine against the coronavirus could lead to a sharp recovery in Suncor Energy stock, the pickup in economic activities and recovery in India and China could drive meaningful sequential improvement in energy demand.

Suncor Energy stock is trading a next 12-month EV/Sales multiple of 1.8, reflecting a discount of about 18% from its historical average. Also, Suncor offers a decent dividend yield of 4%.

Bank offering decent value

Shares of **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) has recovered sharply over the past eight months. However, its stock is still looking attractive at the current price levels. It is trading at a price/tangible book value multiple of 1.5, reflecting a discount of 25% from the peer group average.

Apart from trading at a [discounted value](#), Bank of Montreal stock offers robust dividends to boost its shareholders' returns.

With the expected sequential decline in the provisions for credit losses and sustained momentum in the loans and deposit volumes, Bank of Montreal could deliver stellar returns in the coming years. Its low valuation and attractive dividend yield of 4.5% further strengthens my bullish view on its stock.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Energy Stocks
5. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:KGC (Kinross Gold Corporation)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:BMO (Bank Of Montreal)
5. TSX:K (Kinross Gold Corporation)
6. TSX:SU (Suncor Energy Inc.)

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