3 Dirt-Cheap Stocks to Buy Right Now

Description

The **S&P/TSX Composite Index** climbed 57 points on January 20. Canadian stocks have continued to build momentum into 2021 after a strong finish to the previous year. Discounts are hard to come by on the TSX right now. However, today I want to look at three TSX stocks that qualify as oversold. These cheap stocks are well worth considering in late January.

A defensive stock that looks discounted today

Alimentation Couche-Tard (TSX:ATD.B) is a Laval-based company that operates and licenses convenience stores around the world. Its shares have dropped 13% in 2021 as of close on January 20. Historically, Alimentation Couche-Tard has provided stability for its shareholders. Investors on the hunt for a good defensive stock should consider buying into this dip. Let's examine why.

The company released its second-quarter fiscal 2021 results on November 24. Total merchandise and service revenues rose to $3.8 billion — up 6.3% from the prior year. Same-store merchandise revenues rose in Europe, the United States, and Canada. However, the impact of lockdowns resulted in lower fuel revenues across the board.

Alimentation is in a good position to rebound, as the global economy recovers from the pandemic. The stock last had an RSI of 29, which puts it in technically oversold territory. This cheap stock also possesses a favourable price-to-earnings (P/E) ratio of 12.

This cheap stock offers long-term promise and big income

Extendicare (TSX:EXE) is an Ontario-based company that offers housing, care, and related healthcare services to seniors. Canadian seniors have been disproportionately impacted by the pandemic, illustrating the need for more investment in long-term care facilities. Shares of Extendicare have climbed 18% over the past three months. However, the stock is down 6% over the last week.

I'd suggested that investors add Extendicare back in the spring of 2020. In Q3 2020, the company saw revenue rise 10% year over year to $296 million. This was driven by COVID-19 funding of $28.7 million as well as LTC enhancements. Adjusted EBITDA surged $39.9 million to $63.8 million.

Shares of Extendicare boast a favourable P/E ratio of 11. Better yet, this cheap stock just rebounded out of oversold territory. It is not too late to jump on its recent dip. Extendicare also offers a monthly dividend of $0.04 per share, representing a monster 7.7% yield.

One more discount stock with a strong dividend history

Thomson Reuters (TSX:TRI)(NYSE:TRI) is the final cheap stock I want to focus on today. This Toronto-based firm provides news and business information services to professionals around the world. Its shares have dropped 3.5% over the past three months. In Q3 2020, the company saw IFRS revenue and organic revenue growth of 2%. Meanwhile, operating profit and adjusted EBITDA increased 21% and 42%, respectively, from the prior year. This spurred the company to boost its full-year outlook.

Shares of Thomson Reuters last had a solid P/E ratio of 21. The stock fell into oversold territory last week but is on the rebound at the time of this writing. Thomson Reuters last paid out a quarterly dividend of $0.38 per share, representing a modest 1.8% yield. The company has delivered dividend growth for over 25 consecutive years.

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