These 3 Canadian Dividend Stocks Are Too Cheap to Ignore

Description

There aren't a lot of cheap stocks around these days. After the COVID-19 market crash, stocks quickly raced to all-time-highs, leaving bargains in the dustbin. At first, it was only tech stocks that rallied, but now, almost everything is above its March 2020 prices. Energy stocks and airlines perhaps being the last holdouts.

In this environment, bargains are not as easy to find as they used to be. The market rally has, at this point, lifted almost all boats, and truly cheap stocks are rare. But they do exist. If you look carefully, you can find high-yield dividend stocks trading at rock-bottom valuations that can pay you handsomely for years to come. In this article, I'll explore three such stocks you can buy in 2021.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is a Canadian bank that currently trades at 13.85 times earnings. A year ago, that would have been pricey for a bank stock, but today, bank multiplies are much higher than they've traditionally been. The stock currently yields 4.61%, which makes it one of the highest-yielding Canadian bank stocks.

CM recently had a very strong quarter, with earnings up 34% year over year. That compares favourably with other Canadian banks like **TD Bank**, which also had fairly strong year-over-year growth . In its most recent quarter, TD grew earnings at 10%. CM more than tripled that rate of growth. Sometimes a single quarter can be an anomaly, but CM unquestionably had one of the best first quarters of all Canadian banks in 2021.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is a Canadian energy stock that got severely beaten down in the COVID-19 market crash. It traded at about $40 before the crash. At one point in 2020, it went as low as $15. Recently, it rallied to $29, thanks to the rising price of oil. It's widely thought that when we turn the corner on COVID-19, oil prices will rise, because demand will pick up. What we've seen so far in

2021 has been consistent with that. So far this year, WTI crude has risen from $47 to $62. That should continue as countries continue to re-open their economies. In the meantime, Suncor stock trades at just 1.2 times book value, making it a bargain at today's prices.

Killam Properties REIT

Killam Properties REIT (TSX:KPM.UN) is a Canadian REIT that trades at just 13.3 times earnings and 18 times FFO per unit. The REIT has delivered solid results in 2021 so far, with revenue up 2.2%, net operating income up 0.9%, and FFO per unit basically unchanged year over year. Of course, KPM isn't cranking out superior growth. COVID-19 is still affecting the rental market, with many tenants unable to meet their obligations. But KPM is doing better than many retail and hotel REITs, and is actually posting positive growth in NOI. Its cheap valuation today reflects these realities. As the economy improves, the REIT should experience multiple expansion and reward investors who get in at today's prices.

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Date
2025/08/26
Date Created
2021/03/20
Author
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