



Got \$1,000? 2 Undervalued Stocks to Buy Now

Description

The TSX continues to reach new heights, as the recovery from the pandemic shock fades away. A market surging to new heights means that many high-quality stocks are now trading for higher valuations than what warrants value opportunities.

Fortunately, not all the stocks on the TSX are expensive right now. I will discuss two stocks that you can consider for potentially [excellent returns](#) in the long run.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) was trading for around \$40 per share in summer 2020, as gold prices stayed above the US\$2,000-per-ounce region. At writing, Barrick Gold is trading for \$26.35 per share, and gold prices are US\$1,726.40 per ounce.

Gold prices declined during a sell-off in U.S. treasuries that drove up bond yields. The U.S. 10-year treasury boasted a 0.5% yield at its lowest point back in August. It currently provides yields nearing 1.65%, marking a significant increase.

Since gold does not offer yields, the rare yellow metal took a backseat, as investors flocked to higher-yielding treasury bonds. The rise in the opportunity cost of owning gold led to people preferring bonds. The sell-off in treasury bonds was likely overdone, and there is a chance that yields could pull back, allowing gold prices to regain some momentum.

Barrick Gold generates significant revenues at current gold prices. The company ended 2020 with zero net debt, and it could deliver strong results in the coming years.

Suncor

Suncor Energy ([TSX:SU](#))(NYSE:SU) was trading for around \$15 per share in October 2020, and it has soared to around \$26 per share at writing. The surge in Suncor's valuation could be attributed to a

rise in WTI oil from US\$36 per barrel to as high as US\$66 per barrel. Oil prices are down to around US\$59 per barrel at writing.

Suncor is a well-known oil producer, but it also has several downstream operations. Its refineries make gasoline, jet fuel, and diesel. Suncor also operates over 1,500 retail locations. As the vaccine rollout continues, businesses relying on the energy sector's products are regaining momentum. The anticipation of a boom in holiday travel means that the demand for crude oil could improve drastically in the coming month.

Suncor makes significant revenues through its oil production at the current oil prices. Its downstream operations could rebound in the second half of the year as the restrictions ease. Suncor was trading for above \$40 per share before the oil price crisis and pandemic. There is a decent upside opportunity for investors to consider.

Foolish takeaway

In a market that seems expensive, Barrick Gold and Suncor Energy appear to be undervalued.

If you have the cash available to invest and seek value investments that can offer you [substantial long-term returns](#), Suncor and Barrick Gold could be excellent assets to consider adding to your portfolio.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ABX (Barrick Mining)
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