3 Dirt-Cheap Canadian Stocks That Won't Stay Low for Long

Description

It's ideal to wait for the markets to correct before getting in. It's the perfect scenario for beginner investors, but, in time, they learn the hard way that it's virtually impossible to get in at a bottom consistently. Moreover, there are opportunity costs of staying on the sidelines for too long.

Like it or not, the correction may have already happened, at least with the growthiest parts of this market. So, if you see a bargain, do feel free to buy it, rather than waiting for it to bottom, because market forces may propel the indices much higher towards year's end. And the gains to be had from such a market rally could easily dwarf the next correction.

Without further ado, consider the following three cheap Canadian stocks that I'd buy.

Onex

Onex (TSX:ONEX) is a Canadian asset manager that's fallen drastically out of favour amid the pandemic. The firm has some pretty wonderful businesses in its portfolio, including WestJet Airlines, that are well positioned to come soaring back on the other side of this pandemic. The stock trades at a mere 0.85 times book value and just 2.5 times sales, making it one of the better bargains for Canadian investors looking for a catch-up value trade for the second half of 2021.

Geoffrey Kwan of RBC Capital, the most bullish Onex analyst on the Street, has a $112 price target on the name, implying just over 28% in upside from current prices. I think Kwan is right to be bullish and think the 15% discount to book value will not last long, as economic conditions continue improving.

Parkland Fuel

Parkland (TSX:PKI) is an owner and operator of gas stations and convenience stores across Canada and the United States. The stock took a major hit to the chin last year but has been steadily climbing higher over the past several months, as the company navigated through COVID headwinds.

Still off around 15% from its high, I think the stock is an incredible value for investors seeking a juicy dividend (Parkland yields 3%) and a shot at continued gains, as fuel demand recovers in conjunction with the broader economy.

The stock trades at 0.45 times sales, 3.2 times book value, and 22.7 times next year's expected earnings, all of which are pretty in line with historical averages. As headwinds fade and people take to the roads again, I expect the company will be back on the growth track, and the stock will be back to making new highs regularly.

Cenovus Energy

Cenovus Energy (TSX:CVE)(NYSE:CVE) was one of the biggest dogs in 2020. Now, it's a stud that's leading the market's upward charge. The stock is up 66% over the past year, but remains off 10% from its 2020 pre-pandemic high, despite oil prices being much higher than they were before the COVID crisis struck.

As one of the more innovative Canadian energy plays out there, I'd look to back up the truck on shares before the hefty discount evaporates. The stock trades at one times book value, 0.86 times sales, and 15.46 times next year's expected earnings — a real bargain if you believe oil prices will stay at or above the US$65 mark.

CATEGORY

1. Coronavirus
2. Energy Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CVE (Cenovus Energy Inc.)
3. TSX:ONEX (Onex Corporation)
4. TSX:PKI (Parkland Fuel Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus

2. Energy Stocks
3. Investing
4. Stocks for Beginners

Date
2025/07/19
Date Created
2021/06/09
Author
joefrenette