



Got \$1,000? Buy These 4 Cheap Canadian Stocks Right Now

Description

Despite rising inflation, Canadian equity markets continue to increase, with the **S&P/TSX Composite Index** trading over 15.5% higher for this year. Meanwhile, some recent economic data suggested that the inflationary environment was temporary, improving investors' sentiments and driving the equity markets higher. However, few Canadian stocks are trading significantly lower from their recent highs while providing excellent buying opportunities. In this article, we will look at four such companies.

Northland Power

Amid the transition towards clean energy, I have selected **Northland Power** ([TSX:NPI](#)) as my first pick. It focuses on building and operating clean power-producing facilities worldwide. Amid the recent selloff, the company is trading 19.5% lower than its February highs. However, the correction has also dragged its valuation to attractive levels, with its forward price-to-earnings multiple standing at 26.1.

Given the favourable industry trend and its growing global footprint, strategic acquisitions, and diversified assets, its growth prospects look healthy. Northland Power's management has built a [robust growth pipeline](#) of projects that can increase its power generating capacity by around 13-14 gigawatts. In addition, the company has strengthened its balance sheet by raising \$990 million in April through new equity offerings. Northland Power also pays a monthly dividend, with a forward yield of 2.9%.

Barrick Gold

After correcting over 14% in the first quarter, **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) has recovered some of those declines by rising 13.3% in this quarter. Rising gold prices have driven the company's stock price higher. Meanwhile, I expect the upward momentum to continue. Given the inflationary environment, gold prices could remain elevated for the rest of this year, benefiting gold mining companies, such as Barrick Gold.

The company's management expects its production to improve in the second half of this year due to

mine sequencing at Nevada Gold Mines, the ramp-up of underground mining at Bulyanhulu, and mining in higher grade zones at Lumwana in Zambia. So, a higher realization price and increased production could boost its financials and stock price in the coming quarters. Its valuation also looks attractive, with its forward price-to-earnings multiples standing at 18.5.

Canopy Growth

Amid the weakness in the cannabis sector and lower-than-expected fourth-quarter performance, **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) has lost 56.1% of its stock value compared to its February highs. However, the steep correction provides [an excellent buying opportunity](#), given its healthy growth prospects.

Canopy Growth has acquired a substantial market share in the flower and beverage segments through its expanded product offerings. Meanwhile, its acquisition of **Ace Valley** and **Supreme Cannabis** could further consolidate its market share in the Canadian recreational market. The company is also looking at expanding its footprint in the United States. Recently, it partnered with **Southern Glazer's** to distribute its CBD-infused beverages across the country. Along with these initiatives, its cost-cutting initiatives could aid in reporting positive adjusted EBITDA in the second half of fiscal 2022.

Absolute Software

My final pick would be **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)), which specializes in the endpoint security and management sector. Amid the recent selloff in technology stocks, the company trades 32.4% lower than its February highs, providing an excellent buying opportunity. The demand for the company's products and services is rising amid increased remote working and learnings. The company is looking at launching new products and enhancing its platforms to increase its market share.

Last month, Absolute Software also signed an agreement to acquire a privately held company, **NetMotion Software**, for US\$340 million. The acquisition could strengthen Absolute Software's competitive position in the endpoint resilience market. NetMotion Software has generated adjusted EBITDA and operating cash flows of US\$18 million and US\$15 million over the previous 12 months. So, the acquisition could be accretive for the company.

CATEGORY

1. Cannabis Stocks
2. Energy Stocks
3. Investing
4. Metals and Mining Stocks
5. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ABST (Absolute Software)
2. NASDAQ:CGC (Canopy Growth)
3. NYSE:B (Barrick Mining)
4. TSX:ABX (Barrick Mining)

5. TSX:NPI (Northland Power Inc.)
6. TSX:WEED (Canopy Growth)

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