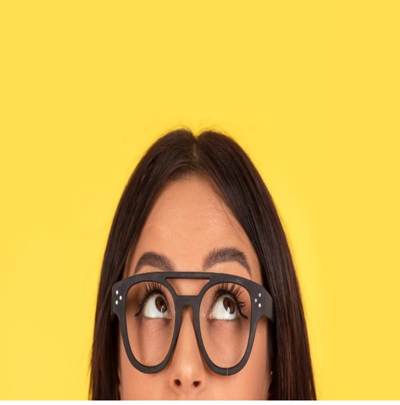

TSX Today: Why Wait to Buy These Value Stocks?

Description

It's not easy to navigate in the **TSX** today. The index is at its all-time high with pockets of the market being threatened.

Commodity stocks took a hit yesterday. Among energy and gold stocks, there are two large-cap stocks in particular that are trading at greater bargains than their peers.

If you're interested in adding exposure to these areas, you can start your research with **Suncor Energy** (TSX:SU)(NYSE:SU) stock and **Barrick Gold** (TSX:ABX)(NYSE:GOLD). But note that this might just be the start of a market selloff. So, don't be hasty about buying immediately.

Suncor stock

Suncor stock suffered during the pandemic, as energy demand declined because of economic lockdowns. It even went to the extent of cutting its dividend, which was a big deal for investors. Investors not only saw a reduction in their investment income, but a stock price decline also accompanied the weakened fundamentals.

Suncor is a large company with a $45 billion market cap. Moreover, it's diversified. It's an integrated energy company with operations in oil sands development, production, and upgrading, offshore oil and gas, petroleum refining in Canada and the U.S., and it has the Petro-Canada retail distribution network.

It's supporting the shift to electric vehicles (EV), as its network now includes what it calls "Canada's Electric Highway," the first ever coast-to-coast network of EV fast chargers. The network includes sites located in small towns and big cities across Canada.

Its bottom line is still sensitive to commodity prices, though. Commodity prices are volatile. Particularly, the WTI oil price has rallied from a low of about US$40 to US$70 per barrel.

Now, it's at a high point. Suncor stock itself almost doubled from a low of $15 to $29 per share, which has ushered some profit taking amid the potential of oil prices experiencing some sort of decline from today's relatively high point.

Although the consensus analyst price target suggests there's about 15% upside, cautious investors should wait for a bigger margin of safety. That is, consider buying the stock at below $24 per share, which is at least a 30% discount from the target.

Besides, Suncor provides a yield of only 2.8%. If you're looking for income, there are more predictable, higher-yielding dividend stocks to choose from.

Barrick Gold stock

Barrick Gold stock has also undergone a selloff that accelerated yesterday with a 6% decline. The selloff coincides with the lower gold spot price that has retreated to about US$1,776 per ounce from the start of the month's US$1,900 per ounce. This is a lower high from the start of the year's US$1,950 and 2020's +US$2,050 high, which is also the all-time high.

Barrick Gold stock appears to be the best value pick among the large-cap gold miners. The consensus analyst price target of US$30.20 per share implies there's a 30% margin of safety or +43% near-term upside potential.

Although the gold stock appears to be an intriguing value, it could revisit its US$19-per-share low from earlier this year. That would be roughly a 10% decline.

If you're bullish on gold, you could consider buying half a position of Barrick Gold stock here and adding more on a further decline. Currently, the stock yields 1.7%, but beware that dividends from commodity stocks can be very volatile.

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Date
2025/09/06
Date Created
2021/06/18
Author
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