



4 Top Bargain TSX Stocks to Buy Today With \$1,000

Description

Canadian stocks witnessed a strong bull run over the past year on the back of economic expansion and a revival in consumer demand. While most TSX stocks have gained significantly in value, a few still look inexpensive and are solid long-term bets. I have selected four such bargain stocks that are trading at a considerable discount at the current levels. So, if you can invest \$1,000, consider adding these undervalued stocks to your portfolio.

Scotiabank

Scotiabank ([TSX:BNS](#))([NYSE:BNS](#)) is trading cheap and has [substantial upside potential](#). It has gained nearly 54% in one year as an economic reopening, a decline in provisions, and deposit growth have driven its earnings higher. Despite the recent run-up in the stock, Scotiabank stock is still trading cheap compared to its peers, making it an excellent pick for long-term investors. Notably, Scotiabank's P/B (price-to-book value) multiple of 1.5 is well below **Bank of Montreal's**, **Toronto-Dominion Bank's**, and **Royal Bank of Canada's** P/B multiples of 1.6, 1.8, and 2.1, respectively.

Besides the attractive valuation, expected growth in its loans and deposit volumes, strong credit performance, and exposure to the high-growth banking markets further strengthen my bullish outlook. Also, its focus on improving efficiency and reducing costs augur well for future earnings growth and are likely to drive dividend payments.

Cineplex

Cineplex ([TSX:CGX](#)) stock has recovered significantly and is up about 62% this year. However, Cineplex stock continues to trade cheap and offers a discount of over 50% from its pre-pandemic levels, making it a [top bargain stock](#) poised to deliver stellar gains in the long term.

I believe the widespread vaccination and improvement in consumer demand will help the company's operations return to normalcy. As the year progresses, I expect an increase in its traffic. Moreover, its losses and net cash burn are likely to go down and cushion its bottom line. I remain upbeat and expect the reopening of its entertainment venues and theatres to boost its stock price significantly.

Capital Power

Capital Power ([TSX:CPX](#)) stock looks like an excellent bargain stock at the current levels. Capital Power stock is trading at an NTM (next 12-month) EV/EBITDA multiple of 8.7. However, its peers **Canadian Utilities**, **Fortis**, **TransAlta Renewables**, and **Algonquin Power & Utilities**, are trading at a forward EV/EBITDA multiple of 10.7, 12.3, 12.9 13.9, respectively, making the power producer stock attractive on the valuation front.

Shares of Capital Power have gained about 21% this year and offer further upside. Its low-risk business model, growing asset base, long-term contractual agreements, and solid renewables portfolio provides a solid foundation for growth. Capital Power could continue to boost its shareholders' returns through higher dividend payments, thanks to its predictable and resilient cash flows. Currently, Capital Power offers a healthy yield of over 4.9%.

Loblaw

Loblaw ([TSX:L](#)) has witnessed strong buying recently and has jumped about 22% this year. With the continued momentum in consumer demand and economic recovery, I expect Loblaw to continue to deliver solid comparable sales. Meanwhile, its thriving e-commerce business is likely to drive its financials and market share.

Loblaw's connected healthcare offering, home delivery and pickup services, expansion of the front-store services, and its attractive rewards program provide a solid underpinning for growth. Further, the food and pharmacy giant looks attractive on the valuation and trades at a next 12-month (NTM) price-to-earnings (P/E) multiple of 15. In comparison, shares of **Metro** and **Alimentation Couche-Tard** are trading at a P/E multiple of 16.5 and 17.6, respectively.

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)

3. TSX:CGX (Cineplex Inc.)
4. TSX:CPX (Capital Power Corporation)
5. TSX:L (Loblaw Companies Limited)

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