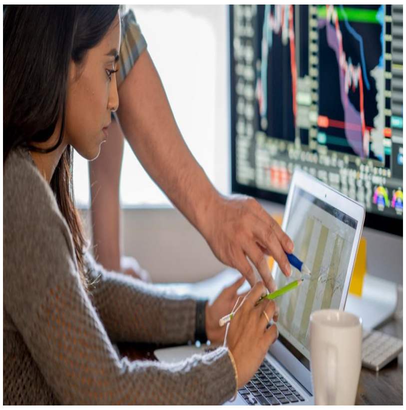

2 TSX Stocks That Were Down Big on Tuesday for No Good Reason

Description

Academics like to view Mr. Market as efficient or at least pretty good at pricing stocks at a range that's close to their intrinsic value. In an era of profound unpredictability, with rates and the pandemic in flux, I think Mr. Market has been anything but efficient. You've got meme stocks and cryptocurrencies, which many smart people think are in a bubble. Meanwhile, there are many unloved **TSX** stocks out there that are moving in directions that quite frankly make absolutely no sense.

In this piece, we'll have a look at two Canadian names that I think Mr. Market is mispricing to the downside. While the TSX is unlikely to surpass its first-half returns, I do think self-guided stock pickers like you have what it takes to put the broader indices to shame and continue obtaining stellar results by spotting and reacting to Mr. Market's biggest pricing errors.

Buying strong TSX stocks on weakness may be key to outperforming in the second half!

Consider **Alimentation Couche-Tard** (TSX:ATD.B) and **Scotiabank** (TSX:BNS)(NYSE:BNS), two wonderful companies that took an unfair 2.4% and 1% hit, respectively, on a flat Tuesday session of trade for the broader TSX.

Both companies have been riding high of late, and I think the latest bout of weakness is nothing more than a buying opportunity for long-term thinkers looking to position themselves to do well in 2021's second half.

Couche-Tard

Couche-Tard clocked in an incredible quarterly result that caused shares to bounce over 7% in just a few trading sessions back to all-time highs. The ceiling of resistance at $46 and change proved to be too strong (yet again), as the stock proceeded to shed around 3.5% of their value in a hurry.

As Couche stock continues to retreat, I think investors have a chance to get the c-store giant's recent earnings results for free. As to why shares are pulling back so viciously is anyone's guess. Regardless, Couche seems ridiculously undervalued at 15 times trailing earnings, given the favourable macro picture and the highly-underrated long-term growth prospects.

Should shares fall below where they were before the quarterly beat, I'm inclined to top up my already sizeable position in the name. Currently, Couche-Tard is my largest Canadian holding. It's a misunderstood stock that I believe will be corrected by Mr. Market in due time.

Scotiabank

Scotiabank stock was also on the retreat Tuesday, as the broader basket of Canadian bank stocks cooled off from their first-half rallies. Could the Big Six be headed for a sideways correction? Or is this just the calm that comes before the next leg up? With the prospect of higher rates in the 2020s, I think the latter. The bank stocks could be on the cusp of a multi-year bull run as they finally have a chance to expand upon their margins.

As Canada's most international bank, Scotiabank has a tougher uphill road to recovery from the COVID-19 crisis. Still, I think shares offer greater long-term upside from these levels, especially for those looking for a Canadian way to gain emerging markets exposure on the cheap.

The stock trades at 1.5 times book value, and there are no prominent dents in Scotiabank's armour yet. If BNS stock continues to stall, I'd look to buy before the next wave of dividend hikes hits the cherished Canadian banks that may very well finally have the tides turned in its favour.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

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

Category

1. Coronavirus

2. Investing

Date
2025/09/22
Date Created
2021/07/08
Author
joefrenette