3 Canadian Value Stocks to Buy Right Now

Description

Believe it or not, there's still an abundance of Canadian value stocks to buy right now, even as the TSX Index continues marching to new heights. Whether or not the TSX will finally beat the S&P 500 is anybody's guess.

Regardless, given the gap between the cheap and expensive stocks in this market, I think self-guided investors have a good chance to stock-pick their way to even better results for the second half of 2021 and the early part of 2022.

In this piece, we'll look at three Canadian value stocks with a high chance of surging higher should the value trade heat up again.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a high-yield dividend stock that's likely to rise out of its multi-year funk to new all-time highs over the next 18 months. The former dividend darling boasts a commanding 6.7% dividend yield, which is unlikely to swell above the 8% mark again.

Moving forward, investors can expect frequent dividend hikes every year. As new growth projects go online, Enbridge stock is likely to continue rallying higher in spite of any regulatory setbacks facing its other pipelines. Despite the impressive year-to-date run, the stock remains off 23% from its 2015 all-time highs. As investors rotate back into value, I expect Enbridge could make up for lost time after many years of struggling.

With the more favourable environment, I think Enbridge is back. Of course, things could take another turn for the worst, as they did in 2020. Still, the stock looks way too cheap at 16.1 times trailing earnings, especially given the high calibre of its dividend payout.

Bank of Montreal

Bank of Montreal (TSX:BMO)(NYSE:BMO) is another dividend stud that went from dud to darling over the past year and a half. Corporate loans in the oil and gas (O&G) sector weren't nearly as horrid as they seemed during February and March of 2020. With rising oil prices, such loans actually seem pretty enticing, and that's a major reason why BMO stock has been doing so well of late; it's now up 32% year to date.

Moving into the second half of 2021, I expect more of the same from BMO, as it looks to double down on its wealth management business. BMO's growing ETF lineup in particular could continue to garner momentum. Although BMO stock looks pricey at just shy of 14 times trailing earnings, I'd argue it's not as expensive as it could be, given the magnitude of earnings growth on the horizon.

So, if you're not ready for higher rates, consider stashing the Dividend Aristocrat in your TFSA, as the broader Big Six basket takes a breather. The 3.4%-yield dividend is attractive and is likely to grow again.

Quebecor

Quebecor (TSX:QBR.B) is a lesser-known Canadian telecom that operates primarily within the confines of Quebec. The stock sports a 3.3% yield alongside some enviable ROIC (return on invested capital) numbers that are likely to improve on the other side of this pandemic.

The stock is fresh off a sudden correction and makes for a compelling buy for investors seeking the perfect mix of growth, income, and value. With the next generation of telecom tech on the horizon, I expect Quebecor is in a spot to get a huge earnings boost.

For just 14 times trailing earnings, Quebecor may very well be one of the better bargains you'll scoop up this summer. Yes, the dividend yield isn't as high as some of its Big Three peers, but in terms of year-ahead total returns, I think Quebecor has the edge.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:ENB (Enbridge Inc.)
5. TSX:QBR.B (Quebecor Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

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