Top TSX Stocks I'd Buy Right Now

Description

It's a tough time to be a value investor these days, but the job is a heck of a lot easier on this side of the border, with the plethora of cheap **TSX** stocks out there. Undoubtedly, U.S. securities are looking a tad frothy.

And while many Canadian tech stocks could be in for a rate-induced correction in the second half, in what could be a repeat of what we witnessed in the first half, I do think the bargains outweigh the frothy names considerably.

And in this piece, we'll have a closer look at two bargains that could help you get an edge over the TSX Index, as it looks to close out what could be its best year in a long time.

In numerous prior pieces, I highlighted that energy and financials, which are heavy contributors to the broader Canadian index, were propelling the TSX higher. Many such energy and financials are white-hot with double-digit percentage returns in the first half. Despite their incredible runs, many such names still seem way too cheap.

Energy and financials: From leaders to losers?

Could financials and energy continue leading the way? Or could they sag into year-end, making way for a new class of leaders?

It's hard to tell. But even as commodity prices, most notably West Texas Intermediate, cool off, there are many dirt-cheap energy names that I think could withstand any near-term weakness. Consider **Crescent Point Energy** (TSX:CPG)(NYSE:CPG) and **Canadian Western Bank**, two high-energy-price beneficiaries that haven't risen as much as they could.

Undoubtedly, energy prices are difficult to predict, given the large number of variables involved. Still, both Crescent Point, a producer, and Canadian Western Bank, an Alberta-exposed bank, look to have modest valuations. Even if commodities sag into year-end, both TSX stocks are so cheap that I don't expect as much sensitivity to oil versus the likes of some of the frothier names in the space.

Obviously, higher oil (West Texas Intermediate) at US$100, anyone?) bodes better for both firms. But pending a 2014- or 2020-style oil collapse, I think both dirt-cheap stocks have great risk/reward trade-offs at this juncture. Personally, I like buying commodity-exposed plays on strength rather than weakness. So, regardless of where oil's headed next, both names are buys in my books.

Crescent Point: A top-notch TSX stock with a low price of admission

Crescent Point is an underrated energy producer that trades at a valuation that's too cheap to ignore. At just shy of $5, CPG stock trades at 1.8 times sales and 0.9 times book value. Given how far oil has come, I'd argue that the stock's valuation makes no sense.

Moreover, I think the valuation bakes in a modest pullback in the price of oil at some point in the second half. With a nice margin of safety, I wouldn't hesitate to accumulate shares here. Crescent Point has intriguing high-quality projects that could bolster growth over the longer term.

Despite past dividend reductions (you can't really blame them for that), I think Crescent Point is actually a well-managed firm that could really move higher on the back of higher oil. As the macro picture continues improving, one has to think that the big dividend hikes will be on the horizon.

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