3 Cheap Stocks to Buy in August

Description

The **S&P/TSX Composite Index** fell 23 points on July 30. Canadian markets will reopen after the long weekend today. The pullback in July has revealed some anxiety among investors in the face of the rising Delta variant. As always, this is a great time to look for discounts. Today, I want to look at three cheap stocks that are worth adding in early August. Let's jump in.

Why Kinross and other gold stocks are undervalued

In early July, I'd discussed why gold stocks looked discounted. That is still my stance today as we face down an uneasy recovery and higher-than-expected inflation. **Kinross Gold** (TSX:K)(NYSE:KGC) remains one of my favourite cheap stocks in this space. Its shares have dropped 20% in 2021 as of close on July 30. The stock is down 36% from the prior year.

In Q1 2021, Kinross reported that it was on track to meet its annual guidance. Adjusted net earnings rose 51% year over year to $192 million or $0.15 per share. Meanwhile, the board of directors declared a quarterly dividend of $0.03 per common share. That represents a modest 1.8% yield. This cheap stock last had a very favourable price-to-earnings ratio of 6.4.

Here's a cheap stock I'd buy in the cannabis space

Canopy Growth (TSX:WEED)(NYSE:CGC) is one of the largest cannabis producers in Canada. Indeed, it still maintains the number one market share in the total flower category. This cheap stock has dropped 29% in the year-to-date period. Shares of Canopy Growth are down 8% year over year.

Last month, I'd discussed whether Canopy Growth was set for a big boost as leading Democrats begin to explore a path to recreational legalization in the United States. Unfortunately, no breakthrough appears to be forthcoming. That does not mean Canopy Growth should be ignored, however. The company expects to deliver positive adjusted EBITDA by the second half of fiscal 2022.

Investors can expect to see Canopy Growth's next batch of earnings in the first half of August. In Q4

FY2021, the company achieved revenue growth of 38% to $148 million. Canopy Growth also saw an improvement in its cash position to $2.3 billion.

One more cheap stock that produces precious metals to snatch up

Silver prices soared with gold in the first half of 2020. However, it has softened and stagnated over the past year. It is well-positioned to benefit from the same bullish conditions that should drive investors to gold. **First Majestic Silver** (TSX:FR)(NYSE:AG) is a Vancouver-based company engaged in the acquisition, exploration, development, and production of mineral properties with a focus on silver and gold production. Shares of this cheap stock have dropped 6.2% in 2021.

First Majestic delivered revenue growth of 17% to $100 million in the first quarter of 2021. Net earnings came in at $1.9 million – up from a net loss of $32.4 million in Q1 2020. Mine operating earnings increased 33% to $28.1 million.

Shares of First Majestic are trading in favourable territory relative to industry peers. The cheap stock slipped into technically oversold territory in late July. It is not too late to snatch up First Majestic on the dip.

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2. NYSE:AG (First Majestic Silver)
3. NYSE:KGC (Kinross Gold Corporation)
4. TSX:FR (First Majestic Silver)
5. TSX:K (Kinross Gold Corporation)
6. TSX:WEED (Canopy Growth)

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