2 of the Cheapest TSX Stocks Under $25

Description

On average, stocks may be pricey, especially in the United States. But there are numerous dirt-cheap TSX stocks out there, many of which could be overdue for a sudden correction to the upside going into year's end. In this piece, we'll have a look at two names that I find Mr. Market has unfairly thrown into the bargain bin, as the price of admission into most other stocks continues to rise.

Only time will tell if putting one's contrarian hat on with the following names will result in significant alpha for the rest of 2021. Still, I'm a huge fan of the risk/reward scenario here for longer-term investors who are looking for solid returns relative to the risks taken on over the next three to five years.

Suncor and Manulife: Two of the cheapest under-$25 TSX stocks out there

Enter **Suncor Energy** (TSX:SU)(NYSE:SU) and **Manulife Financial** (TSX:MFC)(NYSE:MFC): two value plays that are trading at bargain-basement prices, in my books. The former play has been really dragging its feet over the past few months, plunging over 25% from its 52-week high, while the former has taken an unexpected breather after failing to break out past its five-year high.

Indeed, Suncor Energy stock is a falling knife right now and may be a better buy for deep-value seekers, while Manulife appears to be a magnificent buy-the-dip stock for those seeking a timelier play. Both names reek of value in my books. Let's have a brief look at each one to see which, if either, is worth a spot in your portfolio going into what could be a far more volatile September.

Suncor Energy

Suncor Energy stock has reversed in a big way this summer. The epic rally off those ominous 2020 lows came to a crashing halt, with the stock now in a horrific downtrend with considerable negative momentum. At under $25, the integrated oil play now trades at book value once again.

The recent pullback in the price of oil doesn't bode well for Canada's ailing energy patch. Even if oil slips further, I still view Suncor as a pretty stellar value play. The valuation, I believe, has wiggle room for lower oil. While the stock may be too volatile to own (even for Warren Buffett, who ditched his stake last year), I think the magnitude of rewards could have the potential to be great once the fundamentals take the driver's seat once again.

Despite recent pressure on all things oil, most analysts remain bullish. Most recently, Christopher Tillett of Barclays slapped a $39 price target on the name, suggesting over 66% in upside is possible. That's a heck of a return! But it won't come easy for investors.

Manulife

Manulife has one of the best growth profiles of the Canadian insurers. The Asian business holds tremendous promise. But the surging Delta variant has some investors hitting the sell button on the stock. Indeed, that psychological level of resistance looks to be too strong. It's a five-year high, and Manulife is now sagging after ricocheting off the ceiling.

I think the +15% pullback off the resistance level is a massive buying opportunity for value investors, especially those that aren't yet exposed to international markets like Asia, which hold so much potential over the next decade and beyond.

Coincidentally, Manulife shares, which are hovering around $25, trade at one times book value — the same as Suncor. And at less than seven times earnings, I think Manulife is one of the cheapest stocks on the TSX right now.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:MFC (Manulife Financial Corporation)
4. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

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

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Investing

Date
2025/08/30
Date Created
2021/08/18
Author
joefrenette