2 Dirt-Cheap Stocks to Buy Before September

Description

Volatility has picked up in North American markets in the late summer. That should spur investors to look at some cheap stocks that are available on the TSX. Today, I want to look at two discounted stocks that fit the bill. Let's jump in.

Why I'm looking to buy the dip in this oil and gas producer

Arc Resources (TSX:ARX) is a Calgary-based company that explores, develops, and produces crude oil, natural gas, and natural gas liquids in Canada. Its shares have climbed 36% in 2021 as of early afternoon trading on August 26. However, the stock has dropped 15% month over month.

Shares of Arc Resources hit a 52-week high by the end of June. It started to slip in July, and this decline accelerated after the release of its second-quarter 2021 results. The company generated funds from operations of $542 million in the second quarter. Meanwhile, free funds flow came in at nearly $250 million, or $0.35 per share. Arc used a portion of this to pay down existing debt.

Arc Resources exceeded its production guidance in the second quarter. Meanwhile, it closed the strategic Montney combination with Seven Generations Energy. This means that Arc Resources is on track to deliver annual synergies of $160 million for the next fiscal year.

What makes Arc Resources a cheap stock? Its shares last had a price-to-earnings (P/E) ratio of 16, which puts the stock in favourable value territory. The stock slipped into oversold territory in the second half of August but is already on the rebound. Fortunately, it is not too late to snatch up this cheap stock on the dip.

Here's another cheap stock that is a screaming buy in late August

Superior Plus (TSX:SPB) is the second cheap stock I'm interested in picking up before the end of

August. This Toronto-based company is engaged in the energy distribution and specialty chemicals business in Canada, the United States, and Chile. Its shares have climbed 22% in the year-to-date period. However, the stock has dipped 5.4% month over month.

The company unveiled its second-quarter 2021 results on August 11. Adjusted EBITDA fell 19% from the prior year to $31.6 million. Meanwhile, its net loss was marginally higher from Q2 2020. U.S. Propane EBITDA from operations fell 48% from the previous year, while Canadian Propane EBITDA rose 8% to $23 million.

Revenue in the year-to-date period increased to $1.20 billion compared to $988 million in the first six months of 2020. Moreover, adjusted EBITDA was reported at $243 million — up from $224 million in the prior year. Superior Plus has encountered some turbulence due to the pandemic, but its business is still on track for solid growth in the long term.

This cheap stock possesses a P/E ratio of 10. That puts Superior Plus in attractive value territory. Moreover, the stock last had an RSI of 39. It has climbed out of the oversold levels it plunged to last week, but it is still worth snatching up today. Better yet, it offers a monthly dividend of $0.06 per share. That represents a 4.8% yield.

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Author

aocallaghan