



Top 4 TSX Stocks to Buy While They're Still Cheap

Description

What is a cheap stock according to you? The stock of a high-risk, loss-making company trading below \$5 or a profitable company with growth potential trading around \$50-\$100? Think of it like this: Would you buy five pairs of low-quality shoes worth \$35 that get worn out in three months or a pair of durable shoes worth \$85 that last three years? Whenever you read cheap stocks, the analyst doesn't refer to the share price but the share valuation.

A stock is cheap only when its value is more than its price

Remember Ben Graham's statement that Warren Buffet recites every time, "Price is what you pay; value is what you get." A cheap stock is when you get that high-quality \$85 shoe for \$50. The shoe will give you a three-year value worth \$85, but you are only paying a price of \$50.

Never look at the share price in isolation. Here I bring to you four such [value stocks](#) trading at a lower price. But this discount sale won't last, so buy these stocks while they are still cheap.

Energy stocks

Canada has the third-largest oil reserve, which makes its energy stocks some of the best in the world. Oil stocks are heavily dependent on oil prices. Oil is a commodity, which means companies can't determine the price at which they want to sell. Instead, they have to depend on the West Texas Intermediate (WTI) price, which demand and supply forces determine. That makes energy stocks cyclical. Recently, oil stocks were in a downtrend because of the demand-supply imbalance.

The trick to trade in such cyclical stocks is to buy in the downtrend because demand will surge someday, and oil prices will surge too. And this time, there is pent-up air travel demand, which makes some bulls believe the oil price could hit the US\$100 mark. As Canada's second-largest integrated oil company, **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)) will benefit from this oil price jump.

Even **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) stock could see some rally after two months of weakness. TC Energy supplies oil and natural gas through its pipelines in return for a toll. This toll money is determined by the volumes transmitted. The pent-up travel demand could make for all three months of

low oil volumes due to the pandemic.

TC Energy stock has been in a downtrend since June 17, after the company [cancelled](#) its decade-long Keystone XL pipeline due to environmental issues. But the pent-up demand and new projects could offset this bearishness.

Both the stocks have started recovering from their two-month dip. They could surge 20% and 8%, respectively, on the back of the recovery.

Magna stock

Just like the energy sector, the automotive sector saw a bear market as rising Delta variant cases stalled re-opening. **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) stock dipped 20% in the last three months after surging 80% in the previous recovery rally (November 2020-May 2021). The bearish tone is understandable as Magna lowered its 2021 revenue guidance due to a semiconductor supply shortage. Magna supplies automotive components and third-party car manufacturing services to tech and auto companies.

The automotive demand, especially for electric vehicles (EV), is recovering as governments promote EV adoption. But the chip supply shortage has stalled the recovery. This is a good time to buy Magna stock while it trades at 11 times its price-to-earnings ratio. This ratio comes as the company moves from last year's losses to profits. The stock will ride the [EV wave](#) once again, and that time the 11 times valuation would look cheap.

RioCan

Another stock that took a hit and has not yet recovered completely is **RioCan REIT** ([TSX:REI.UN](#)). The retail REIT was one of the worst-hit as many merchants vacated or went out of business during the pandemic. Its second-quarter occupancy rate of 96% is still below the 2019 pre-pandemic level of 97.2%. It means there is still room for improvement, and this could lead to growth.

The REIT is also developing mixed-used properties. Economic recovery is a good sign for RioCan as new retailers will come and occupy the stores, driving rental revenue.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Personal Finance

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:MGA (Magna International Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:CVE (Cenovus Energy Inc.)
5. TSX:MG (Magna International Inc.)

6. TSX:REI.UN (RioCan Real Estate Investment Trust)
7. TSX:TRP (TC Energy Corporation)

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. arosenberg
2. pujatayal

Category

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Personal Finance

Date

2025/08/17

Date Created

2021/08/30

Author

pujatayal

default watermark

default watermark