3 Dirt-Cheap Value Stocks to Buy in September

Description

September is right around the corner. The transition from summer to fall brings many changes. Kids return to school, trees beginning shedding their leaves, and leisurely vacations give way to a more fast-paced schedule.

Some think that the seasonal transitions also indicate changes in the markets. Many pages of ink have been spilled on “market anomalies” like the “January effect,” the “Santa Rally” and the “October effect.” In general, opinions on these anomalies vary. There is some statistical evidence that certain months produce worse returns than others.

September, in general, is thought of as a bearish month, with an average return of -0.83%. In fact, it fares worse than October, which is considered to be an unlucky month in the markets. If this September conforms to the historical tendencies, it may provide yet another opportunity to buy stocks on the dip, like so many Septembers before it.

With that in mind, here are three already cheap value stocks to buy in September.

TD Bank

The **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is Canada’s second-biggest bank by market cap. It is well known for its vast network of branches across Canada and the U.S., as well as its clout in the U.S. brokerage industry. As a 10% owner of **Charles Schwab,** TD is the largest single owner of America’s largest brokerage company. That gives the company a lot of prestige and name recognition in the U.S., where its name is attached to Schwab’s **TD Ameritrade** subsidiary.

TD’s most recent quarter wasn’t great in my opinion. Notably, Charles Schwab’s earnings were down compared to Ameritrade’s contribution in the same quarter a year before. The quarter did see significant growth, but that’s only because we had COVID-19 related PCLs in the base quarter. I wasn’t thrilled, but I continued holding anyway, as TD has a lot of potential.

TransAlta Renewables

TransAlta Renewables (TSX:RNW) is another cheap **TSX** value stock that has a lot of potential. It isn't really dirt cheap going by the usual earnings multiple approaches (its P/E ratio is 38), but it does have one value-like quality: a high dividend yield. At today's prices, RNW stock yields 4.73%, which is sky-high by the standards of 2021. There was a time when run-of-the-mill Canadian banks, utilities, and energy companies all yielded that much. But these days, it's pretty rare.

However, there's still one company with an even higher yield than RNW. So without further ado, let's get into…

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is Canada's highest yielding large-cap dividend stock, with a 6.85% dividend yield. It's also a strong value play, with a 16.22 P/E ratio, a PEG ratio of two, a price/sales ratio of 2.4, and a price/book ratio of 1.86. These are all pretty low multiples. Yet Enbridge is actually a pretty solid business, with an 11% return on equity (ROE) and a 15.2% profit margin. And it's a growing business as well.

Over the last 10 years, ENB has grown EPS by 18.9% annualized. This growth could easily continue into the future. Enbridge's pipelines are usually filled to capacity, and there's always room to raise rates. This is definitely an energy play with plenty of potential.

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1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ENB (Enbridge Inc.)
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