3 Dirt-Cheap Stocks to Buy on the TSX This September

Description

Not many stocks remain a bargain on the **TSX** these days. The S&P/TSX Composite Index is up 18% year to date. Today, the index is trading just below all-time highs.

This year, we saw a strong recovery in cyclical and value stocks. Then, over the summer, TSX gains have been driven up by a turnaround in technology stocks. While it is harder to pick up cheap stocks today, there are still a select few that look attractive if you are willing to think long term.

Some of these businesses may face some temporary noise. Yet, all around, they are very good businesses and should project solid total returns going forward. Here are three dirt-cheap TSX stocks to consider this September.

A cheap TSX infrastructure stock

If you are just looking for an elevated dividend and some mid-single-digit growth, **Enbridge** (TSX:ENB)(NYSE:ENB) might be a good stock to look at. It is one of the only **TSX 60** stocks that pays a dividend yield over 6.5%. Enbridge has faced its fair share of challenges in 2021.

Yet, overall, its business has performed in line with expectations. In its most recent quarter, it maintained its guidance to grow distributable cash flows per share by as much as 7% this year. Likewise, it appears it will reach the finish line to complete the Line 3 replacement project by the end of the year.

That would add 760,000 barrels a day of egress capacity to its network. That is also not including the $1.7 billion of natural gas transmission projects that it hopes to commission by the end of the year.

All that means is this TSX stock should see an attractive bump to cash flows next year. At 16 times earnings, this stock is relatively cheap. Investors could still see upside, especially once the pandemic more fully abates.

A top railroad at a bargain?

Canadian Pacific Railway (TSX:CP)(NYSE:CP) dropped by more than 4% on Tuesday. It is down approximately 1% year to date. The rapid decline was due to news that the U.S. Surface Transportation Board (STB) had rejected **Canadian National Railway's** voting trust to acquire the **Kansas City Southern Railroad**.

Obviously, the market is now anticipating that CP will be the most likely suitor to take over. This is especially true considering its voting trust was approved by the STB previously. There are a few reasons why CP may be an attractive buy now.

Firstly, the merger would give CP the only North America-wide rail network. Secondly, CP is well known as one of the most efficient and profitable rail operators in the North America. Consequently, there could be ample synergies and growth opportunities going forward.

Any time a major Canadian railroad has dropped to this extent, it has been a good buying opportunity. Hence, this TSX stock looks pretty attractive now.

An undervalued TSX retail stock

Another interesting TSX value stock is **Parkland** (TSX:PKI). The year-to-date stock chart for this business looks pretty choppy. Yet that is where the opportunity is for patient investors. The company refines, distributes, and retails petroleum products across North America.

This company is a major consolidator in the space. It has already announced $800 million worth of acquisitions since the third quarter of 2020. The company is very good at integrating its assets into its portfolio and expects acquisitions to be at least 8% accretive post-synergies.

The company also has solid organic growth opportunities from higher fuel margins/volumes, strong convenience store profit growth, and even electric charging stations. This TSX stock also pays a nice 3.22% dividend. It only trades with a 14 times price-to-earnings ratio. Compared to peers, this TSX stock is undervalued, and it could see some nice upside over time.

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5. TSX:PKI (Parkland Fuel Corporation)

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