2 Top Canadian Stocks to Buy While They're Still Cheap

Description

National Bank of Canada (TSX:NA) and **Aritzia** (TSX:ATZ) are two top Canadian stocks that are good buys right now as they are cheap. Those two stocks both have a five-year price/earnings-to-growth (PEG) ratio of below one, which means they are undervalued relative to their future expected growth. The latest quarterly results of these two top undervalued stocks were very strong.

National Bank of Canada

National Bank of Canada is Canada's sixth-largest bank and one of the top Canadian stocks to buy in the financial sector. Like its peers, National Bank had a solid quarter thanks to the economic recovery. The bank posted profits above expectations in the third quarter, driven by higher revenues across all lines of business.

Profit was $839 million in the third quarter of 2021, up 39.4% from $602 million in the third quarter of 2020.

On an adjusted basis, National Bank earned $2.36 per diluted share during the quarter ended July 31, beating analysts' estimates of $2.11 per share. This compares to adjusted earnings of $1.66 per diluted share for the same quarter last year.

Revenue was $2.3 billion, up 15% from $2 billion in the previous fiscal quarter, and slightly higher than an estimate of $2.2 billion.

Profits for National Bank's personal and commercial banking division, which has a strong focus on Quebec, amounted to $330 million compared to $223 million a year ago.

Profits from his wealth management business rose 30% to $165 million in the quarter. Finally, net income from the bank's financial markets activity increased 21% to $227 million in the last quarter.

The bank announced a quarterly dividend of $0.71 per share, which represents a yield of 2.8%.

National Bank has a five-year PEG of only 0.74, so it's quite cheap relative to its future expected growth.

This is a bank stock you can trust in 2021 and beyond.

Aritzia

What *is* impressive about Aritzia is that its stores have already regained the productivity they had before the pandemic started.

Despite imposed regional closures and restrictions, the fashion retailer managed to post a better-than-expected first quarter. Total revenues soared 121.7% to $246.9 million, while sales soared 243% in the United States.

This performance is notable given the closure of half of its Canadian stores (34) during two-thirds of the quarter.

Online sales continue to grow even though stores have regained 99% of their productivity before the pandemic. These virtual sales grew a further 18.6% after they had exploded by 125% a year earlier. Online commerce penetration has doubled from 20% to 42% over the past two years.

Earnings per share of $0.19 matched the consensus of $0.18.

Strategically, the merchant increased its inventory by 44% to $165 million in order to meet pent-up demand and avoid supply problems.

Aritzia has raised its guidelines for 2022: it now expects net sales of between $1.15 billion and $1.2 billion, up from the company's previous forecast of between $1.11 billion and $1.16 billion. This would represent annual growth of 35 to 40%.

Aritzia is forecasting capital expenditures of $55 to $60 million, which will go, among other things, to the opening of six to eight stores in the United States and the repositioning of four Canadian stores and two others in the United States.

Aritzia has a five-year PEG of just 0.43, so it's time to load up on some shares while they are still cheap.

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