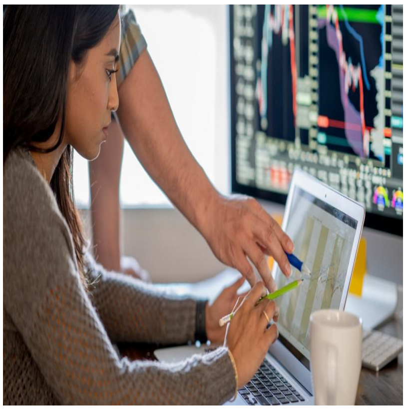

2 Canadian Stocks Looking Cheap in September

Description

Don't be startled by the weak start to September. There's plenty of bad news that could fuel the current losing streak (five straight days in the red?), and the reopening trade could sour further as COVID cases look to pick up again, with insidious new variants such as "Mu" that could move from variant of interest to variant of concern. In any case, investors should not put off any buying here just because a market strategist recently said so. Investing in seasonally weak periods isn't easy. Still, given the recent 2% drawdown in markets, I'd argue that now is as good a time as any to start buying some cheap Candian stocks, especially if you, like so many others, are overweight cash.

The best Canadian stocks to buy on the cheap

Consider **Cineplex** (TSX:CGX) and **Kinaxis** (TSX:KXS), two names that I believe could really outperform the broader **TSX** over the next year. Sure, both names will still be vulnerable to a market correction. That said, I view both names are trading at nice discounts here, with COVID-19 pessimism still baked into their share prices.

Both Canadian stocks look cheap, but both names are wildly volatile and are not for everyone. If you're an investor who can handle wild swings potentially greater than the broader markets, though, both names are definitely worth considering this September, but only if you're looking to stay in for the long haul and not make a quick buck by year's end. The pandemic could drag on for many more months, if not years. As such, a long-term mindset is vital to make money and minimize risk with the following names.

With that warning out of the way, let's have a closer look at each play to see which is the better bet for you this September.

Cineplex

Cineplex is a Canadian movie theatre company that's been really slogging through this crisis. After over one and a half years' worth of on and off restrictions and lockdowns, the company is still standing.

And as a Canadian entertainment play that goes well beyond movie theatres and popcorn (think Rec Room, Playdium, Top Golf, and other amusements businesses that found a spot with consumer pre-pandemic), the Canadian stock has a path back to the mid-$30 range, where it peaked in early 2020 before the coronavirus crash. Such a price target would imply shares would nearly triple from here. While it might sound far-fetched, if the right cards fall into place, don't count the firm out.

If the worst is already in the rear-view mirror for this pandemic, the bottom is likely already in for CGX stock.

Kinaxis

Kinaxis is a supply-chain management software developer that's dragged its feet through the first half of 2021.

Shares have since blasted off, rallying over 50% off its June 2021 bottom. Despite the run, shares still seem cheap. Why? The Canadian stock is effectively right back to where it was one year ago. Given that things have really turned around for Kinaxis and the hefty premium being slapped on high-quality tech stocks with growth potential, I'd argue that there's a very good chance that Kinaxis stock breaks out past its low $210 high.

It's an underrated Canadian company with a brilliant management team. It rightfully deserves to trade at a multiple that's more in line with its better-known SaaS brothers, many of which go for well over 20 times sales.

Given the fact that supply and demand imbalances aren't subsiding anytime soon, I'd argue that the backdrop still looks good for Kinaxis here.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)
2. TSX:KXS (Kinaxis Inc.)

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