2 of the Best Canadian Stocks to Buy While They're Still Cheap

Description

Motley Fool investors had a solid year of growth after the market crash in 2020. Year to date, the **S&P/TSX Composite Index** is up 18%. But in the last few days, there has been a drop of around 200 points on the TSX today. But that's why it's a great time to look for the best Canadian stocks to buy.

While all this growth has been going on, there have been companies soaring to insane valuations. However, there are also companies growing that continue be cheap stocks on the TSX today. These are industries that usually offer strong, sustainable growth that will prove valuable for long-term investors. So, here are two of the best Canadian stocks to buy today that won't break the bank.

Canadian stocks #1: Banks

The Big Six banks are solid companies to buy for long-term Motley Fool investors. However, after quarter after quarter of growth, shares in the banks have been dwindling. Yet that's despite continuing to post incredible value for investors! But among all the banks, right now, **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) offers the best option.

CIBC stock offers a $66 billion market cap as of writing, putting it in fifth place among the Big Six banks. However, it stands to be the biggest winner post-pandemic. The bank has the highest dividend yield among the Big Six banks and provides the largest exposure to the rebounding Canadian economy. That includes the burgeoning housing industry as well.

Mortgages continue to grow, and as interest rates rise, the company has a diverse portfolio with other property types to pick up the slack. While emerging markets are nice for the future, right now, it could be years before there is a major turnaround. So, that's why investing in Canada is a great option today.

Shares of CIBC stock are up 38% year to date and 219% over the last decade. That's a compound annual growth rate (CAGR) of 12.32%! The yield, meanwhile, sits at a whopping 3.97% as of writing and is due for a boost. The yield has grown at a CAGR of 5.28% over the last decade as well.

So, while CIBC stock remains near all-time highs, there's been a pullback of about 4% as of writing.

And it's still heavily undervalued, with a price-to-earnings ratio of just 11.18. That makes it one of the best Canadian stocks to buy today!

Canadian stocks #2: Food

There is a serious food shortage possibility in the near future. The pandemic hit the world hard and caused production to decrease. That could leave many countries seeking new ways to make food, fast. Food nutrients in particular provide a strong long-term investment for Motley Fool investors. As a food shortage becomes apparent, these companies will be some of the best Canadian stocks to buy.

Yet many of these companies remain undervalued, and that includes **Nutrien** (TSX:NTR)(NYSE:NTR). The $44.6 billion company boasts the market share of the nutrient industry, continuing to acquire new companies all the time. It continues to outpace the TSX today, with shares up 30% year to date.

Yet during the last month, Nutrien stock has stabilized, trading down 1.5% as of writing. But it's still one of the best Canadian stocks to buy right now. That comes down to valuations. While its P/E ratio is on the fairly valued side at 36.4, its enterprise value/EBITDA is at a valuable 13.96. And sales and earnings are only set to grow higher in the years to come. On top of all this, you get a solid dividend yield of 2.94%.

Bottom line

It's a great chance to find the best Canadian stocks to buy now on the TSX today for long-term investors. Motley Fool readers know that long-term investing is the best. So, buying both stocks, which have strong growth and solid dividends, could provide your portfolio with stable income for decades.

CATEGORY

1. Coronavirus
2. Investing

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1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:NTR (Nutrien)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:NTR (Nutrien)

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