1 Dirt-Cheap Stock I'd Buy While it's on Sale in September

Description

Don't let anyone tell you that the market is skating on thin ice. Yes, it's been such a long time since we've had a correction, but not having one for prolonged periods doesn't necessarily mean that one is upcoming or that it'll be more severe. In prior pieces, I've noted that rolling corrections or sector-based rotations moving through markets sector by sector could cause a correction-like scenario without triggering an official correction — a pullback of at least 10% in an index such as the **S&P 500** or the **TSX Index**.

Arguably, the correction in the tech sector already happened in the first half. And one may also have struck the reopening plays stealthily in the middle part of the year. Indeed, nobody knows what's up next for these "expensive" markets, not even the pundits or market strategists that so confidently tout that stocks are overvalued and are due for an imminent decline.

Are the markets costly given the lack of alternatives? Arguably, they're not. In any case, some places are more overvalued than others, but, fortunately for Foolish investors, you don't need to "swing" at every "pitch" thrown your way. As the great Warren Buffett used to say, investing is a game with "no called strikes."

The bargain bin is full of interesting merchandise, even in a so-called pricey market

You don't need to be a buyer of the hot stocks or assets touted as "sexy." You could sit on your hands and wait for the correction. But, like in any market environment, you could also have a look at some of the names in the bargain bin. Even in frothy markets, there's always something in the bargain bin that may be worth a second look. While there may not be much merchandise in it today, the few that are, I believe, are worth considering if your allocation to equities has thinned relative to cash in recent months.

Undoubtedly, the names on the 52-week (or all-time) low list aren't necessarily undervalued. Many are value traps that, while marked down, are not worthy of Mr. Market's bargain bin and are not to be considered by long-term Canadian value investors.

Royal Bank of Canada: Perfect for value seekers

In this piece, we'll have a look at two of my favourite names that are in the TSX bargain bin today. Enter **Royal Bank of Canada** (TSX:RY)(NYSE:RY), one of the widest-moat Canadian stocks on the planet. The Canadian bank had an incredible run this year, outpacing the TSX by a fair amount; it's now up 22% year to date.

Royal has all but moved on from the coronavirus crash of last year. While the opportunity to bag an absolute steal is gone, I still think the valuation leaves room for excess risk-adjusted upside over the next 18 months. After slipping nearly 5% from its high, I'd look to scoop up shares while the dividend yield is above 3.4%.

While Royal Bank may not be the cheapest bank in September, it is a high-quality name at a more than reasonable price. Shares trade at 12 times trailing earnings, with a $182 billion market cap. It's the king of the Canadian banks for a reason. If you're on the hunt for a high-quality financial at a modest price, it's time to pick up the name, which continues to see tremendous strength in its capital markets and wealth management businesses.

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