
2 Top TSX Stocks That Look Crazy Cheap to Buy Now

### Description

A number of top TSX stocks already looked cheap before the September pullback and now appear heavily undervalued for investors who have a contrarian approach to buying stocks for their RRSP or TFSA portfolios.

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## Barrick Gold

**Barrick Gold** (TSX:ABX)(NYSE:GOLD) isn't generally known as an income pick, but the gold mining giant has quietly become a dividend star in recent years. The board has tripled the distribution since 2018 and even handed out a special US$750 million return of capital for 2021. The quarterly dividend is currently $0.09 per share, and investors could see another generous hike to the payout in the coming months.

When you take the annualized dividend of US$0.36 and add the special distribution of $0.42 per share, investors will receive US$0.78 per share in cash this year. That's good for a 4.2% return on the current NYSE price of US$18.50 per share.

On the **TSX Index** Barrick Gold now trades close to $23.70. That's down more than 40% from the 2020 high. The price of gold is only off about 15% over the same timeframe. We all know that the stock prices of the miners tend to move more than the price of the precious metal, and company-specific issues can come into play. However, the selloff in Barrick Gold's share price appears overdone when you consider the profitability of the gold and copper facilities at current commodity prices.

Barrick Gold has all-in sustaining costs of less than US$1,100 per ounce of gold it produced in Q2 2021 . Gold currently sells for US$1,775 per ounce.

On the copper side of the business, the base metal is expected to see strong demand in the next few years as investment in solar panels, wind turbines, and electric vehicles ramps up to record levels. Copper is a key component in the manufacturing of these green energy products, and suppliers might have trouble keeping up with consumption over the coming decade.

Barrick Gold's copper production had Q2 2021 all-in sustaining costs of about US$2.74 per pound. That was above the previous year's level but still very profitable. Copper trades near US$4.10 at the time of writing and was above US$4.75 earlier this year.

Barrick Gold's balance sheet is in great shape and any meaningful rebound in the price of gold and copper should send the share price soaring.

## Suncor

**Suncor** (TSX:SU)(NYSE:SU) upset investors last year when it slashed the dividend by 55% to preserve cash during the pandemic. At the time, oil prices were under heavy pressure, as fuel demand around the globe plunged on COVID-19 lockdowns. Oil bounced back in late 2020 and through most of this year, and WTI now trades around US$70 per barrel. This is about 10% higher than the price before the pandemic. Suncor's share price, however, is down about 45% from where it traded in early 2020.

Fuel demand is expected to rebound, as airlines increase capacity and commuters hit the highways again in the coming months. This bodes well for the downstream refining and retail operations. Suncor is using excess cash to buy back shares and repay debt this year. Investors could see the board decide to boost the payout by a significant amount in 2022.

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## The bottom line on undervalued stocks

Ongoing volatility is expected, and these stocks could fall even further in the near term if gold and oil prices tank. However, contrarian investors who have bullish long-term views on gold and oil might want to start nibbling while these stocks are out of favour.

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