2 Grossly Undervalued TSX Stocks to Buy Today

Description

The Canadian stock market has been on a tear since recovering from the pandemic-fueled sell-off frenzy in February and March 2020. Barring some recent volatility since early September 2021, the **S&P/TSX Composite Index** has been rising consistently to new all-time highs. At writing, the Canadian benchmark index is up by 16.74% year to date.

In a market that seems to be climbing consistently, surprisingly, a few **TSX** stocks appear to have attractive valuations. Today, I will discuss two grossly undervalued stocks that you should keep a close eye on right now. Investing in the companies today could set you up for substantial wealth growth through the significant upside these companies have to offer.

Scotiabank

While considering a Canadian Big Six bank as a value stock might not make sense, the **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is certainly an asset you can consider for that purpose. The Canadian bank boasts an expansive presence in the Latin American Pacific Alliance countries, namely Peru, Mexico, Columbia, and Chile.

Experts predict that the economy in these four countries will grow at a faster rate than G7 countries. While the onset of COVID-19 and its economic fallout might have caused a considerable delay on that front, the hopes of moving into a post-pandemic era are becoming more apparent.

At writing, Scotiabank stock is trading for $78.09 per share and is up by 15.31% year to date. The Canadian banking stock boasts a juicy 4.61% dividend yield. While it would be a worthwhile investment due to its juicy dividend yield alone, Scotiabank stock also presents significant upside potential if you can buy the stock before it starts its upward movement on the stock market.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) stock is trading for far lower valuations than its peers, making it an attractively priced stock that could offer you significant upside potential in the coming years. The Canadian pipeline infrastructure company has strong growth prospects that could propel its share prices to higher levels as the energy demand recovery continues.

Higher demand for oil and gas implies that the volume of commodities that the company will be transporting will rise. With the combination of cost-saving measures and rising commodity prices, Pembina Pipeline could massively increase its profit margins and generate more substantial cash flows that could fuel its growth.

At writing, the stock is trading for $39.80 per share and is up by over 30% year to date. The stock boasts a juicy 6.33% dividend yield. Between the attractive dividend yield and upside potential, Pembina Pipeline stock could be an excellent addition to your portfolio.

Foolish takeaway

The recent-most market correction was not a significant downturn. After a sharp 2.61% dip in the five days between September 15 and September 20, the S&P/TSX Composite Index is back on an upward trend. The slight volatility might have worried many investors about what the immediate future holds.

However, investors seeking stocks with the potential to deliver stellar long-term returns should be looking at it as an opportunity to invest in high-quality companies at a discount.

Scotiabank stock and Pembina Pipeline stock could be excellent additions to your portfolio for this purpose.

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2. NYSE:PBA (Pembina Pipeline Corporation)
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