



3 Cheap Stocks to Buy on the TSX in October 2021

Description

Despite a lot of recent volatility, stocks on the **TSX Index** are only down 1% over the past month. As a result, if you have capital to deploy, it can still be difficult finding cheap opportunities.

The fact is, with the markets so uncertain in many areas (the Chinese debt situation, rising bond yields, supply chain challenges, inflation concerns, etc.), investors want to be aware that they are not overpaying for investments. So, here are three [cheap](#) TSX stocks in three diverse sectors that you may want consider picking up in October.

Suncor: A top TSX energy stock

West Texas Intermediate (WTI) oil just [surpassed US\\$80 per barrel](#) this week. That bodes astoundingly well for **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). While TSX oil stocks have had a strong rebound in 2021, Suncor has lagged. It has faced some execution and production issues that have perhaps kept some investors on the sidelines. Despite some of these temporary problems, Suncor has a very attractive value proposition.

This TSX stock trades with a future price-to-earnings (P/E) ratio of just 8.7. Similarly, it pays a nice 2.9% dividend. At US\$35 per barrel, Suncor covers its operating costs, sustaining capital, and dividend. That means at today's oil price, it is earning \$45 per barrel of completely free cash flow. This provides Suncor with incredible dry powder and flexibility to reduce debt, buy back stock, raise its dividend, and invest in other growth opportunities.

If energy continues to rise, many institutional investors could return to oil investments. Suncor, as one of Canada's largest integrated producers will likely be one of their first choices for fund allocation. Consequently, this TSX stock could see elevated demand if energy prices just stay constant or keep rising.

Magna International: A play on the rise of EVs

After a 25% decline since May 2021, **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) looks pretty attractive here. Today, this TSX stock trades with a price-to-sales ratio of 0.8 and a P/E ratio of 11.6. Compared to the market, it certainly looks attractive. And let's not forget that it also pays a 2.1% dividend, which it has raised on average by 9% every year since 2016.

Certainly, in the short-term this business is being challenged by supply chain issue and rising costs on parts and labour. It also lost a deal to acquire automotive tech business, Veoneer. However, when I think about the longer-term future, Magna is still very well-positioned.

It has the broad capacity to be a manufacturer of choice for current and up-and-coming electric vehicle producers. The company has a great management team, an improving balance sheet, broad global manufacturing capacity, and solid, steady growth metrics for years ahead. This is a solid buy-and-hold stock to play the rising EV trend.

Intertape Polymer Group: A TSX stock focused on e-commerce

Another major trend in the world is e-commerce. One TSX stock seeing strong growth from this opportunity is **Intertape Polymer Group** ([TSX:ITP](#)). It manufactures and distributes tapes, wraps, and packaging across the globe. It has a growing product mix of solutions (including recyclable packaging) for the e-commerce industry. This has been propelling very strong, profitable growth over the past few years.

Since the pandemic, the company has reduced debt, unlocked manufacturing efficiencies, and expanded its product offering. Today, it yields strong free cash flow and has ample opportunities to re-invest organically.

Today, Intertape only trades with a P/E ratio of 11! It also pays a 3% dividend. Given that it expects to grow revenues and adjusted EBITDA this year by 17% and 16% respectively, it's a pretty [sweet total return bargain!](#)

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TICKERS GLOBAL

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ITP (Intertape Polymer Group)
4. TSX:MG (Magna International Inc.)
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Date

2025/06/29

Date Created

2021/10/13

Author

robbybrown

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