



2 Cheap Stocks for Contrarian Investors to Buy Now

Description

The TSX Index offers some good deals right now for contrarian investors.

TransAlta Renewables

TransAlta Renewables ([TSX:RNW](#)) trades near \$19 per share compared to the 2021 high around \$24.50. The company recently had to shut down a wind farm operation due to the collapse of one of the units. This will impact results for the current quarter, and investors are waiting to see how long the project will be out of service.

In the long run, TransAlta Renewables should be a solid investment. The company owns and operates wind, solar, hydroelectric, and gas-fired power production assets in Canada, the United States, and Australia. TransAlta Renewables is also getting into the power storage business with the construction of a hybrid solar-battery facility for a mining client. As battery technology continues to improve, this segment offers good growth potential.

TransAlta Renewables makes strategic acquisitions to drive revenue and profit growth. The company recently purchased a wind farm in North Carolina to boost its presence in the United States. Consolidation in the renewable energy market is expected to ramp up and TransAlta Renewables should continue to add assets to complement the portfolio.

The stock appears cheap right now and offers a 4.9% dividend yield, so you get paid well to wait for the rebound and can add some [ESG](#) exposure to your portfolio.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) is down more than 40% from the 2020 high. The price of gold is off about 15% over the same timeframe. The share prices of the miners normally move more than the commodity, but the selloff in Barrick Gold looks overdone.

The company has a strong balance sheet and is making good money at the current gold price around US\$1,780 per ounce. All-in sustaining costs in Q2 2021 for gold production came in below US\$1,100 per ounce, and that number could drop back below US\$1,000 next year, as some pandemic impacts subside. In a recent news release ahead of Q3 results, Barrick said its Q3 production outpaced the second quarter and that Q4 production will be the best for 2021.

Barrick Gold tripled the dividend over the past three years, and another generous increase could be on the way for 2022. The current annualized payout of US\$0.36 per share provides a yield of 1.9%. Barrick Gold also gave investors a special return of capital this year that worked out to US\$0.42 per share. A repeat could be on the way if Barrick meets its 2021 goals and commodity prices hold current levels or improve next year.

Barrick Gold is also a copper producer. The price of copper soared from US\$2 per pound in March 2020 to the current price near US\$4.60. Barrick Gold said its all-in sustaining costs for copper production dropped 4-6% in Q3 compared to Q2 and that copper production in Q4 will be the highest for the year. The recent surge in the price of copper after the Q3 pullback bodes well for Q4 results.

Barrick Gold appears oversold in the current market conditions and positive Q3 and Q4 2021 results could drive the shares higher in the coming months.

The bottom line on top contrarian stocks

TransAlta Renewables and Barrick Gold appear cheap right now and could deliver big gains for contrarian investors who are searching for stocks to buy heading into 2022. If you have some cash to put to work, these stocks deserve to be on your radar.

CATEGORY

1. Investing

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2. TSX:ABX (Barrick Mining)
3. TSX:RNW (TransAlta Renewables)

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