2 Discounted Canadian Stocks to Buy in November 2021

Description

As the **TSX Index** bounces back from its mild pullback, many deep-value bargains could become fewer and further between as markets look to push forward into a period of seasonal strength.

Undoubtedly, there's still value out there after what's been a very impressive past week for markets. With a 10% drop now supposedly off the table accordingly to some pundits, investors should insist on nabbing any value names that still exist because they may or may not stick around as markets look to finish 2021 with a bang.

In this piece, we'll look at two discounted Canadian stocks that may not be fully appreciated by Mr. Market. They make for great year-ahead plays after a choppy start to the fall season.

Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) has been lagging behind its peers in the Big Six Canadian banking scene, but probably not for long! Arguably, TD Bank has some of the best managers in banking and one of the most desirable retail banking businesses. With a perfect mix of U.S. and Canadian exposure, look for the company to catch up to and pull ahead of the pack going into 2022.

On Tuesday, TD stock rose an impressive 1.5% on a broader up day. With rate hike jitters lingering, the financials may be one of the better places to be, and the banks are arguably the best financials in Canada. As TD pushes for new highs, I'd look to buy shares while they're still trading below 11 times trailing earnings because, by the time banks are back in dividend hike mode again, the price of admission will likely have shot up considerably.

Indeed, TD is one of few great value Canadian stocks in a market that's arguably still on the frothy side.

Magna International

Magna International (TSX:MG)(NYSE:MGA) is attempting to break its negative downward spiral, with shares up 8% off its September 2021 bottom. Still off over 18% from its all-time high, though, Magna is a magnificent cyclical to play the continued economic expansion. Indeed, stagflation fears have punished the discretionaries. While Magna also has COVID issues to tackle, I do think that longer-term economic trends remain a friend of the Canadian auto-part maker.

I changed my tune on the company after shares slid into bear market territory. I still think the pullback is ripe for buying, especially for those who are bullish on the new frontier in the electric vehicle (EV) landscape. In due time, chip shortages and all the sort will ease, likely in a year or so. Until then, investors can collect a very high-quality global automotive technology company for 11.4 times trailing earnings alongside a juicy 2.2% dividend yield.

Unless you think we're headed for a steep recession, it's tough to pass up shares of dirt-cheap Canadian stock right here, especially under the leadership of its new CEO Seetarama Kotagiri, a man who brings on a wealth of experience to the Canadian auto-part maker.

Bottom line on the two discounted Canadian stocks

TD and Magna are dirt-cheap based on traditional valuation metrics. While depressed metrics may suggest a more arduous road ahead, don't expect either juggernaut to steer drastically off course. The macro hasn't looked this good for either company and for those willing to look past COVID disruptions, I think there's ample upside to be had.

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:MG (Magna International Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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Date
2025/08/21
Date Created
2021/10/21
Author
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