3 Stupidly Undervalued Stocks the Markets Are Giving Away

Description

In today's market, there aren't a lot of cheap value stocks to be found. An unprecedented bull market has taken equities to new heights, and the S&P 500 now trades at around 35 times earnings. In this environment, bargains are rare. But some do exist. In sectors like banking and energy, you can still find stocks trading at 20 times earnings or less. In fact, you can even find some value stocks in the tech sector. In this article, I will be exploring three stupidly undervalued stocks the markets are practically giving away.

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Facebook

Facebook (NASDAQ:FB) is one stock that is looking incredibly cheap. On Monday, the stock beat on earnings, delivering US$3.22 in EPS compared to US $3.17 expected. Yet the stock still spent Tuesday selling off, sliding all the way down to $315 — a price it hasn't seen in months.

Many attributed Facebook's selloff to its planned $10 billion investment in the "metaverse," a rather vague idea that seems related to VR games like *Second Lif*e. According to Facebook, the metaverse will consist of virtual reality spaces that users can access using *Oculus* headsets. The idea is bigger than just a VR game — people will have the ability to conduct work meetings in the metaverse, for example. Still, investors weren't convinced.

As an FB shareholder, I personally was skeptical of the metaverse when it was announced. I still am, to be honest. But when you've got a high-growth tech stock trading at 23 times sales and seven times book value, it's hard not to be excited. So, I remain long.

Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is another value stock that I personally own. Trading at 10.6 times GAAP earnings and 12 times adjusted earnings, it's a rock-bottom bargain. True, bank stocks in general are cheap, because their expected earnings are not that high. But there are reasons to think that TD could do well in the year ahead.

The U.S. is rumoured to be increasing interest rates as soon as 2022, and TD does a lot of business in there. Higher interest rates are good for banks because they lead to margin expansion. TD could benefit from this. Yet it's still much cheaper than U.S. banks, which trade at more like 14-15 times earnings. That looks like a good value to me.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a Canadian energy stock that looks like a classic value play. It trades at 21 times adjusted earnings, 18 times GAAP earnings, and 2.5 times sales. It also sports a mammoth 6.33% dividend yield. Over the last five years, it has raised its dividend by 9.3% annualized. That's a pretty high dividend-growth rate. If it continues, then the dividend will double in about eight years. On top of that, energy is very bullish right now, with oil prices going wild. So, you might get some capital gains in the mix too — something ENB hasn't delivered a whole lot of over the last five years.

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