



3 Dirt-Cheap Stocks You Should Buy Today

Description

The **TSX Index** continues to hit new highs, but some top Canadian stocks look [undervalued](#).

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) traded for close to \$40 per share in August 2020 when gold peaked around US\$2,080 per ounce. The gold market then went into a slide through the end of last year, and gold miners have continued to tank in 2021.

In recent weeks, however, gold picked up a new tailwind, rising from US\$1,723 near the end of September to the current price of US\$1,830. That puts gold down just 12% from the 2020 top, yet Barrick Gold's share price is down nearly 40%.

Barrick Gold reported solid Q3 2021 results, and the company is on target to hit its production guidance for the year. The board gave shareholders a special capital return of US\$0.42 per share in 2021 on top of the US\$0.36 in dividend payments. A dividend increase could be on the way in 2022.

Barrick Gold has a strong balance sheet and expects to end 2021 with no net change in its resource base due to successful exploration results.

All-in sustaining costs in Q3 were US\$1,034 per ounce, so the company enjoys strong margins at the current gold price. Free cash flow came in at US\$481 million.

Gold could extend the rally through the end of the year, as inflation fears pick up steam. Barrick Gold already appears cheap, even if gold prices simply hold their recent gains as we move into 2022.

Rogers Communications

Rogers ([TSX:RCI.B](#))([NYSE:RCI](#)) trades at a large discount to its peers, but that might not last very long.

The stock recently took a beating due to a control battle in the boardroom among members of the Rogers family. In the end, the court decided that Edward Rogers has the legal right to replace five board members and potentially replace the CEO. His mother and sister had disagreed and tried to block the moves.

Rogers is in the process of trying to close a deal to buy **Shaw Communications**. The merger of the two Canadian cable giants will give Rogers a stronger wireline presence right across the country while boosting its leadership position in the Canadian mobile phone market.

Rogers is part owner of Maple Leaf Sports and Entertainment, the company that owns the Toronto Maple Leafs, Toronto Raptors, Toronto FC, and Toronto Argonauts sports franchises. In addition, Rogers owns 100% of the Toronto Blue Jays, specialty TV channels, and radio stations.

The combination of the sports content with the communications network assets forms a powerful business in a market controlled by a handful of companies.

Rogers stock is off the recent low but, at \$61 per share, still appears undervalued. Assuming the Shaw acquisition closes as expected, this stock could easily take a run at \$75 in the next two years. Investors who buy now can pick up a 3.25% dividend yield while they wait.

Algonquin Power

Algonquin Power ([TSX:AQN](#))([NYSE:AQN](#)) recently announced a deal to buy Kentucky Power for just under US\$2.85 billion in a move that will greatly expand the company's rate-regulated assets to the point where 80% of future revenue will be generated by regulated businesses.

Algonquin Power owns electricity, natural gas, and water utilities. It also has renewable energy power generation assets. The stock is down below \$18 per share on the news. Part of the recent weakness is due to a bought deal share sale to raise \$800 million. The market might also be concerned Algonquin Power is biting off a bit more than it can chew.

Management has a good track record of making strategic acquisitions, and the Kentucky Power deal should be positive for the company in 2022 and beyond.

Algonquin Power raised the dividend by double digits every year for the past decade. Another generous increase should be on the way next year. Investors who buy the stock now can pick up a 4.8% dividend yield.

The bottom line on cheap stocks

Barrick Gold, Rogers Communications, and Algonquin Power look undervalued today in an otherwise expensive market. If you have some cash to put to work, these stocks deserve to be on your buy list.

CATEGORY

1. Investing

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:B (Barrick Mining)
3. NYSE:RCI (Rogers Communications Inc.)
4. TSX:ABX (Barrick Mining)
5. TSX:AQN (Algonquin Power & Utilities Corp.)
6. TSX:RCI.B (Rogers Communications Inc.)

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