3 Deep Discount Stocks on a Firesale Today!

Description

Looking for deep discount value stocks to buy in November?

You're in luck.

The **TSX Index** is home to many stocks that fall squarely in the "value" category, with low multiples and high dividend yields. Many of these stocks have solid growth prospects, yet trade at rock-bottom ratios anyway. In this article, I will explore three "deep discount" value stocks that are on a firesale today.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is a Canadian integrated oil and gas company. Like most oil companies, it is benefitting from the current bullishness in crude oil. Unlike many oil companies, it is a dirt-cheap value play.

In 2021, the price of oil is rallying hard. West Texas Intermediate crude sits at $81 right now and climbed as high as $85 weeks ago. Today's price is down from the year's high but still higher than at any point in 2020. It is well above the level that Suncor needs to break even–reportedly about $45.

In its most recent quarter, Suncor Energy reported solid results, including:

- $2.6 billion in funds from operations (FFO), up 126%.
- $1.04 billion in operating income, up from a loss.
- $877 million in net income, up from a loss.

Those are pretty solid results. Yet the stock still trades at 1.46 times sales and 1.35 times book value. It's a pretty classic value stock, and one I'd personally buy if I weren't invested in other things.

Toronto-Dominion Bank

The **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is one TSX value stock that I am personally invested in. I bought it in the March 2020 market crash and have watched the stock rally since then. It's not as cheap as it was when I accumulated my position, but it's still a pretty solid value. TD Bank stock trades at just 10 times earnings and 3.9 times sales. Super cheap. In fact, it's so cheap you'd think the company is going out of business.

But nothing could be further from the truth. TD has a 13.1% five-year compound annual growth rate. The growth in the most recent quarter was 56%. That's pretty strong growth. Yet TD is still priced like a toxic asset. There is serious potential for multiple expansion here.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is one cheap stock that pays buckets of income. It currently trades at 18.8 times earnings, 2.4 times sales, and two times book value. It also has a 6.3% dividend yield. So this looks like a classic value/income play.

All that said, there are two things you need to keep in mind here:

1. Enbridge's payout ratio based on GAAP earnings is technically above 100% (it's 120%). That appears to make the dividend unsustainable. However, the payout ratio based on distributable cash flow is much lower at 72%.
2. Enbridge has some regulatory risk factors impacting it right now. The Michigan Governor is trying to force it to shut down Line 5, and Joe Biden is about to decide on the company's Line 5 tunnel. Biden has been unfriendly to Canadian pipelines in the past–he shut down Keystone XL–so this is one for investors to keep an eye on.

That said, ENB is a very cheap stock with a high dividend income. Even if you don't ultimately think the risks are worth it, the stock merits being on your watch list.

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2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:ENB (Enbridge Inc.)
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andrewbutton