



2 Surging TSX Stocks With Dividends That Are Still Dirt Cheap!

Description

Whenever you have a TSX stock that's at the intersection between [value](#) and momentum, you may have a timely play that's worth picking up, regardless of what pundits believe is next for broader markets. With a tougher 2022 ahead, investors should insist on a nice margin of safety to account for any big bumps in the road that could hit at any time. Indeed, the bigger the [margin of safety](#), the greater an investor stands to be insulated from the next market-wide pullback.

Dirt-cheap Canadian stocks with dividends

We've gone without so much as a 10% correction in quite some time. It may be overdue, but it probably won't strike when market timers want it to. Remember, markets can stagnate for many quarters on end, giving earnings a chance to catch up to multiples. Such stagnation makes it tougher for passive investors to get next-level value. Still, for stock pickers, one can take advantage of rolling corrections that may very well be the new normal for the time being.

Like it or not, though, a truly negative surprise could cause an unforgiving selloff. Like the one endured earlier last year, a truly horrific meltdown could cause speculative pockets to correct and send shockwaves across broader markets. Stocks that don't deserve to plunge could plunge. That's why it's vital to know what a stock ought to be worth before punching your ticket, so you're not in a spot to sell as others do.

Consider **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) and **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), two dividend stocks that remain cheap, even after their incredible runs over this past year.

Nutrien

Nutrien is a fertilizer kingpin that's benefited from the relief faced by the bounce back in agricultural commodities. When it will fizz out is anyone's guess. Regardless, the long-term tailwinds are still very much in play. A growing population calls for higher crop yields. And higher demand for potash, nitrogen, and all the sort. Despite rallying nearly 50% over the past year, the stock remains dirt cheap

at just 17.3 times trailing earnings. The 2.6% dividend yield is bountiful, in a position to grow over time, and will help investors better navigate any pick-up in market-wide volatility.

In any case, Nutrien has a competitive advantage up its sleeve, with its resilient retail business and some of the most prized potash production assets on the planet. Nutrien's moat is durable, and as the tides continue to turn, shares may prove to be too cheap here.

Enbridge

Enbridge is bouncing back in a big way, with shares up 33% over the past year. The incredibly bountiful 6.6% dividend yield is also far safer than most expect. Pipelines may be some of the least-sexy places for young investors to put money to work these days. But there's no denying the robustness of the firm's cash flows, its somewhat impressive pipeline of projects (regulatory hurdles should still be expected, as with any pipeline) and its incredible managers that take ESG seriously.

The company's renewable projects may seem strange for a firm whose primary business is fossil fuel transportation. In any case, such projects not only help the firm grow its impressive cash flow stream, tilting secular tailwinds in its favour, but also allows the midstream energy company to be among the most environmentally friendly out there. The company has an "A-" CDP score for a reason, management is more than willing to put in the extra effort to be environmentally responsible. It may seem bizarre to see Enbridge included within various Canadian ESG funds, but it just goes to show the company's adaptability.

There's a strong case for Enbridge possessing the most secure dividend that yields north of 6.5%. The management team can juggle growth and a hefty commitment, even during tough times. For that reason, shares ought to be worth way more than just 17.8 times earnings. While a pullback in energy could strike anytime, I still think investors ought to be buyers, as the absolute worst now appears to be behind the pipeline giant.

CATEGORY

1. Investing

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2. NYSE:NTR (Nutrien)
3. TSX:ENB (Enbridge Inc.)
4. TSX:NTR (Nutrien)

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Author

joefrenette

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