Santa Comes Early: The Markets Are Practically Giving Away These 3 Stocks!

Description

It looks like Santa has come early this year.

Despite stocks being near record highs, there are plenty of individual equities being "given away" at firesale prices this Holiday season. Some of them are cheap despite incredibly strong growth. Particularly in sectors like energy and banking, fast growth and cheap valuations are often found side by side in the same stocks. These stocks would make excellent gifts to yourself this Christmas. So without further ado, here are three **TSX** stocks the markets are practically giving away.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a Canadian utility stock that trades at just 20 times earnings, 2.9 times sales, and 1.5 times book value. It also offers a 3.7% dividend yield. Fortis' growth isn't amazing–sales are up only 3.8% over the last 12 months and EPS is actually down slightly. But there's no denying that this stock pays generous amounts of income. Fortis has raised its dividend every single year for the past 47 years.

Management aims at 6% annual dividend hikes going forward. I'm a little bit concerned that these hikes are planned when the earnings growth doesn't support them. But there's no denying that FTS pays out a nifty 3.7% yield today–or $3,700 on every $100,000 invested.

TD Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is another TSX stock that offers a rock bottom valuation. TD trades at just 10 times earnings and has a 3.4% dividend yield. The company's earnings grew 56% in the most recent quarter, and the five-year compound annual growth in earnings is 13.1%.

In my humble opinion, this is a far better value play than Fortis. TD is both cheaper and has better growth than Fortis does. Banks, in general, are a bit riskier than utilities because loans are always subject to default risk. Indeed, the mortgage debt levels of Canadians are at record highs, so the risk is present today. Nevertheless, TD Bank is a financial institution with both a cheap valuation and solid growth. I own the stock, and I may buy more of it in the future.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is one of the best value plays on the TSX today. It trades at just 1.4 times sales and 1.3 times book value. Amazingly, we're seeing these low multiples despite strong gains in the price of oil. This year, the price of oil crossed the $80 level, at one point going as high as $85. Suncor's earnings predictably spiked, with net income coming in at $877 million in the most recent quarter.

Earnings are growing so rapidly that the company recently raised its dividend back to the pre-COVID level. As a result, you can now pick up a whopping 5.2% yield on SU stock. I don't personally own SU, because I don't like betting on stocks that depend too much on commodity prices. If it weren't for that personal preference, though, I'd probably own it.

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