3 Dirt Cheap Stocks to Buy for 2022

Description

A new year is fast approaching, and it's a great opportunity to buy new investments.

For a variety of reasons, the turn of a new year creates many incentives to invest your money. These include:

- Last minute RRSP contributions.
- New TFSA space.
- Buying back into the markets after tax-loss harvesting in December.

The "January effect" is an alleged tendency of stocks to rise in January, possibly because of the various tax incentives that make it wise to do so. Research on the January effect is ambiguous. The month does historically deliver a positive return, although some studies say that November and December see higher gains. Nevertheless, the tax incentives themselves make January a great month in which to invest. Should you be wanting to do so, here are three dirt cheap stocks looking good heading into the New Year.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is a very cheap energy stock. It trades at just 19 times earnings and 1.3 times book value. Its stock was rising all year, but then the Omicron outbreak sent oil futures tumbling. Suncor stock fell right along with oil prices. Since then, oil prices started rising again. In the last period without a major COVID outbreak, oil went all the way up to $85. Once the pandemic is over, we may see oil prices in that range again–this time, for the long term. Suncor has already profited off of the higher oil prices seen this year. Its most recent quarter brought in $2.6 billion in cash flow and $877 million in earnings. If oil prices remain strong, then Suncor will have more profitable quarters to come.

TD Bank

The **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is another dirt cheap stock that trades at just 10 times earnings. Its long term earnings growth rate is about 13.5% per year. So the company's growth exceeds its P/E ratio, indicating a bargain. TD Bank profits from a number of trends now being observed in the macro economy. The economy is re-opening from COVID-19, people are getting back to work, and interest rates are set to rise. All of this is good news for a bank stock like TD, which makes more money when interest rates increase. Also, today's stock market is fairly volatile, meaning a lot of buying and selling is taking place. This could result in higher than average brokerage earnings in the current quarter.

Micron Technology

Micron Technology (NASDAQ:MU) is a dirt cheap tech stock with red-hot growth metrics. In its most recent quarter, MU grew its revenue by 37% and its earnings by 175%. Pretty strong growth. Yet MU's stock is a bargain, trading at just 14 times adjusted earnings, 16 times GAAP earnings, 3.5 times sales and 2.2 times book value.

Why is MU stock so cheap?

It comes down to memory price volatility. MU sells RAM and SSDs, which vary dramatically in price. Because of the price fluctuations, MU's earnings swing up and down quite a lot–as does its stock price. MU has been a pretty jittery ride over the years, but it has delivered strong gains for those who have held on long term.

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Author
andrewbutton