



## 2 Dirt-Cheap TSX Stocks to Buy and Watch Today

### Description

With Omicron cases picking up across the globe, the Santa Claus rally as we know it may be short-lived. Regardless, investors should insist on a barbell approach, rather than attempting to get on the right side of the next rotation. Indeed, we've gone quite a while without a 10% correction. Still, there has been a considerable amount of volatility going on behind the scenes. For stock pickers, such behind-the-scenes [volatility](#) increases the chance of obtaining a stock at a fair to steep discount to its range of intrinsic value.

So, whether or not 2022 holds a market correction or bear market that so many pundits on the Street have been calling for, please consider the following two TSX stocks worth watching as we approach January 2021. Both names aren't as at risk if the growth-to-value rotation continues. Yet, their stocks have been pummelled anyways in recent weeks due to a wide range of factors, most of which, I believe, are overblown at this juncture.

Consider **National Bank of Canada** ([TSX:NA](#)) and **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)).

### National Bank of Canada

National Bank of Canada was a relatively solid performer through most of 2020. The number six Canadian bank was among the first to surge out of the gate when the market bottomed back in March 2020. Although the valuation caught up to its peers for a few quarters, all it took was an underwhelming result in 2021 for the stock to shed its middle-of-the-pack multiple. Today, shares of National Bank of Canada are trading at a relative discount again, with a 10.7 times trailing earnings multiple alongside a 3.61% dividend yield.

Indeed, National Bank was outdone by its bigger brothers of late, but in terms of disruptive potential going into a rising-rate environment, it's tough to top National Bank. The bank is incredibly well-run under the leadership of Louis Vachon. The bank has plenty of runway for growth as it moves into lightly-penetrated provinces. Further, National Bank has shown a willingness to be a first-mover with its bold decision to scrap trading commissions. Although the move has gone under the radar, I do think that the number six player will begin to call the shots. As one of the strongest growth domestic banking plays,

National Bank is a magnificent bargain that I think could grow its payout at the quickest rate over the next three to five years.

At writing, the stock is down around 9% from its high on the back of a weak result, making it one of the better bargains on the TSX as it flirts with new highs.

## Manulife Financial

Manulife is another Canadian financial that's been under some [pressure](#) in recent months, currently off just north of 13% from its 52-week high. Undoubtedly, Omicron has weighed heavily on growth across segments. The Asian segment, in particular, is key to the firm's longer-term growth prospects. While the region has experienced slowing growth of late, I do think that once COVID fears fade that Manulife will be among the first to bounce back.

Manulife's long-term tailwinds are intact, with a colossal amount of wealth to be passed down to the millennial cohort over the course of the next decade. With some of the best wealth management and insurance products out there, the company is ready for the generational boom. For now, though, COVID disruptions and other hurdles are to be expected. So, for those with a strong stomach, it's tough to outdo shares of MFC on a valuation front.

The stock trades at a mere seven times trailing earnings with a 4.7% dividend yield. Yes, the road ahead is bumpy, but the blue-chip insurer probably isn't a value trap as most may expect, with the ridiculously low valuation metrics currently commanded. My takeaway? Be greedy while others are jittery over the year ahead, as it may not be nearly as ugly as expected for a firm that already has a lot of negativity baked in.

### CATEGORY

1. Investing

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1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)
3. TSX:NA (National Bank of Canada)

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joefrenette

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