



RRSP Wealth: 2 Cheap TSX Stocks to Buy Right Now

Description

Contrarian RRSP investors have a chance to buy some [undervalued](#) stocks right now that could deliver big gains for a retirement portfolio in 2022.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) trades near \$23.50 per share at the time of writing compared to \$31.50 in early January and almost \$40 at the high point in 2020. The 25% drop in the share price this year appears overdone when you consider the fact that gold is only down about 6%. Recent selling pressure in ABX stock could be due to [tax harvesting](#) and not as a result of the company's performance.

In fact, Barrick Gold delivered solid results in Q3 2021. Adjusted net earnings came in at US\$419 million, and the business generated US\$481 million in free cash flow. The average realized gold price in the quarter was US\$1,771 per ounce. That's below the current price of US\$1,795. Barrick Gold reported all-in sustaining costs of US\$1,034 per ounce on the gold production in the quarter, so the margins are decent in the current market conditions.

The Q4 results should also be strong, and Barrick Gold has a positive outlook for 2022 and beyond. The company arguably has the most attractive asset base in the industry with six of the top 10 tier one gold mines on the planet. Management continues to invest in new opportunities for growth, and exploration success effectively replaced mined resources in 2021.

Barrick Gold has a strong balance sheet and pays a sustainable quarterly dividend of US\$0.09 per share. The company also gave investors an extra US\$0.42 per share through a special return of capital this year.

Gold could catch a nice tailwind in 2022. The precious metal is widely viewed as an attractive hedge against inflation. Gold demand might also rise in the coming months, as investors look for a safe haven to ride out the impact of the omicron COVID-19 variant.

If you are a gold bull, Barrick Gold stock deserves to be on your radar today.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) just increased its dividend by 3% for 2022. This marks the 27th consecutive year of dividend hikes for the energy infrastructure giant. Enbridge operates strategically important assets that support the Canadian and U.S. economies. The company transports 25% of the oil produced in the two countries and moves 20% of the natural gas used in the United States.

Enbridge won't see the same level of organic growth in the coming years that it enjoyed over the past two decades. However, the company has the financial clout to make acquisitions. The recent US\$3 billion purchase of a key oil export terminal and associated pipeline infrastructure is a good example. In addition, Enbridge still has opportunities for smaller tuck-in projects throughout its vast asset base. Enbridge announced \$1.1 billion in new natural gas and renewable energy developments in its 2022 financial guidance.

Distributable cash flow is expected to grow by 5-7% per year over the medium term. This should support steady dividend increases.

The stock now trades near \$48 compared to the 2021 high of \$54 per share. Investors can take advantage of the pullback to buy Enbridge at an attractive price and secure a solid 7% dividend yield. That's a great return for [RRSP](#) investors who use their dividends to buy new shares to take advantage of the power of compounding.

The bottom line on cheap stocks to buy now

Barrick Gold and Enbridge are leaders in their respective industries. The stocks appear cheap right now in an otherwise expensive market and could deliver above-average returns for RRSP investors in 2022.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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3. TSX:ENB (Enbridge Inc.)

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