3 Value Stocks to Grab in January

Description

Stocks got off to a great start in January, with the S&P 500 rallying 0.68% on the first trading day of the new year. The TSX was closed for the day, but many cross-listed Canadian stocks rallied on the NYSE.

2021 was a record-breaking year for global stocks, delivering returns more than twice a typical year for the markets. The S&P 500 gained a truly incredible 27% for the year, and the TSX topped the 20% threshold as well.

It was a solid year all around.

But in 2022, some investors are wondering where the value is. Today's market has sent tech stocks to record highs, leading to questions about whether the gains can continue. Sure, tech has better growth than most other categories of stocks, but nothing is worth an infinite price. In this environment, it might pay to get into value stocks. With that in mind, here are three dirt-cheap value stocks that are looking good for 2022.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is an energy stock that currently trades at a paltry 1.3 times book value. Barely worth more than the value of its assets, net of debt, it's a true bargain-basement play. That's not to say that Suncor is cheap for no reason at all. In fact, it got beaten down for a good reason: the COVID-19 pandemic was not kind to energy companies.

In 2020, Suncor ran four net losses in a row. At one point, it lost $3.5 billion in a single quarter! But in 2021, Suncor started turning things around. It had $2.6 billion in cash from operations and $877 million in earnings in its most recent quarter — both phenomenal gains compared to the same quarter of 2020. As long as the price of oil continues to rise, then Suncor will keep making gains. So, there is reason for optimism regarding this company's future.

Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY) is Canada’s biggest bank. It trades at just 11.9 times earnings and 3.7 times sales. Like most Canadian banks, RY is a classic value play, trading at rock-bottom multiples and throwing off a hefty 3.24% yield. Not only that, but current macroeconomic conditions favour banks. The Bank of Canada is set to raise interest rates this year, which could result in higher profit margins on loans.

Royal Bank is already posting solid growth, with earnings in its most recent quarter up 41% year over year. Part of that is just the expected recovery from 2020’s damage, but it also reflects a strengthening economy. So, RY is one cheap stock that could continue to grow, as the economy continues its rocky recovery from the COVID-19 recession.

Micron Technology

Turning now to U.S. stocks, we have **Micron Technology** (NASDAQ:MU). This is a dirt-cheap growth stock that trades at just 12.72 times earnings. It develops RAM and SSDs for the computer and smartphone industries. Its memory is used in a variety of high-end products, ranging from smartphone chips to electric vehicles.

Micron’s most recent quarter saw tremendous growth, with revenue up 33% and earnings up 177% year over year. MU rallied 10% in a single day when those earnings came out. Since then, Micron has given up some of the gains, but its stock should continue rising if it keeps putting out results like those it just delivered for Q1.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:MU (Micron Technology, Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:RY (Royal Bank of Canada)
5. TSX:SU (Suncor Energy Inc.)

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Date
2025/08/21
Date Created
2022/01/05
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