



## 4 Cheap Canadian Stocks That Could Deliver Superior Returns in 2022

### Description

With the easing of concerns over the highly infectious variant, Omicron, the Canadian equity markets have bounced back strongly. The **S&P/TSX Composite Index** is trading over 3.4% higher from last month's lows. Despite improving investor sentiments, the following four companies are trading at attractive valuations or at a steep discount from their recent highs, providing excellent buying opportunities.

### goeasy

Amid the announcement of tightening monetary policies by the Federal Reserve of the United States, high-growth stocks, such as **goeasy** ([TSX:GSY](#)), have witnessed a strong selloff. The company is trading close to 24% lower from its September highs. The steep correction has also dragged its valuation down to attractive levels, with its forward price-to-earnings multiple standing at 14.6.

The economic expansion could increase loan originations, benefiting goeasy. Meanwhile, the company is expanding its geographical footprint, strengthening its digital assets, increasing its penetration, and making strategic acquisitions to drive growth. Its management hopes to increase its loan portfolio by 50% to \$3 billion by the end of 2023. So, given its healthy growth prospects and attractive valuation, [I am bullish on goeasy](#).

### Canopy Growth

**Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) is trading close to 85% lower from its 52-week high. Along with the weakness in the cannabis sector, its weak second-quarter performance and [downgrade from Piper Sandler](#) appear to have dragged its stock price down. Despite the near-term volatility, the company's long-term growth prospects look healthy. It is looking at divesting its German subsidiary business, C<sup>3</sup> Cannabinoid Compound Company GmbH, which can lower its short-term capital requirement of \$50 million.

Canopy Growth has implemented several initiatives that could deliver \$150-\$200 million of annualized

savings from the first half of fiscal 2023. It also focuses on introducing new high-THC content premium products and strengthening its supply chain to replenish in-demand products quickly. With these initiatives, its financials could improve in the coming quarters, thus increasing its stock price.

## Cargojet

Last year was tough for **Cargojet** ([TSX:CJT](#)). It lost over 25% of its stock value. Investors fear that the reopening of the economy could slow down its growth prospects has dragged its stock down. Amid the pullback, its forward price-to-earnings multiple stands at 26.1. Meanwhile, the steep correction provides an excellent opportunity to go long on the stock.

I expect the demand for Cargojet's services could rise in the coming years amid increased adoption of online shopping. It enjoys a competitive advantage over its peers, given its large fleet of 31 aircraft that transport over 90% of Canada's overnight air cargo and overnight delivery to 15 prominent Canadian cities. To meet the rising demand, the company plans to add more aircraft and new routes. It has signed an agreement to add three 767 aircraft to its fleet. So, its growth prospects look healthy.

## Goodfood Market

My final pick would be **Goodfood Market** ([TSX:FOOD](#)), which has lost over 75% of its stock value compared to last year's highs. The weak quarterly performance, higher valuation, and the expectation of deacceleration in its growth due to the reopening of the economy have dragged the company's stock down. However, the selloff offers an excellent buying opportunity, as the increased adoption of online grocery shopping could drive its financials in the quarters.

Meanwhile, Goodfood Market is also expanding its product offerings, implementing digital advancements, strengthening its infrastructure to increase the delivery speed, and venturing into new markets to boost growth. The selloff has dragged its forward price-to-sales multiple to an attractive 0.7. So, I believe Goodfood Market could be an excellent buy right now.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:CJT (Cargojet Inc.)
3. TSX:FOOD (Goodfood Market)
4. TSX:GSY (goeasy Ltd.)
5. TSX:WEED (Canopy Growth)

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