



2 Cheap Stocks to Buy on the January Dip

Description

The **TSX Index** is giving back some gains. Investors who missed the big 2021 rally are finally getting a chance to buy some top stocks at [undervalued](#) prices for their self-directed portfolios.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) trades near \$86 per share at the time of writing compared to a high of \$99 at the end of 2021.

The stock is down after the surprise exit of the CEO. He had only been in the job for eight months. Nutrien hasn't released much information about the reason for the change and markets are taking a wait-and-see approach until there is more clarity on the issue.

C-suite turmoil is not ideal, but Nutrien's business is in a good spot right now, and the selloff in the stock price appears overdone. Nutrien is the world's largest producer of potash and a major supplier of nitrogen and phosphate. The company also has a growing retail business that provides farmers around the world with seed, crop protection products, and digital solutions to help them make their businesses more efficient.

Nutrien is taking advantage of rising fertilizer demand and higher prices. The company increased potash production by one million tonnes in the second half of 2021. Nutrien reported stellar Q3 results, and the Q4 numbers should be solid as well.

The crop nutrients [sector](#) is booming right now, as farmers take advantage of high crop prices by planting more acreage. This is boosting demand for potash, nitrogen, and phosphate, as well as seed and crop protection products.

Nutrien expects the strong market conditions to continue through 2022. Investors might receive a generous dividend hike this year, and Nutrien could ramp up share buybacks as a result of the strong free cash flow the business is generating.

This would be a good stock to consider for [RRSP](#) investors who are looking for companies that have strong long-term growth opportunities.

TransAlta Renewables

TransAlta Renewables ([TSX:RNW](#)) trades for less than \$18 per share compared to the 12-month high above \$24. The stock price came under pressure in the second half of last year after the company was hit by a series of weather and operational challenges. Lower wind volumes resulted in decreased revenue from some of the assets. In addition, TransAlta Renewables had to deal with an unplanned outage at a gas-fired power plant. The company then found out that it has to replace the foundations on all of its wind turbines at its site in New Brunswick after one of the towers collapsed.

The near-term negatives appear to be priced into the stock at this point, and buy-and-hold investors focused on [TFSA](#) income might want to start nibbling on the shares while the business remains out of favour. Investors who buy TransAlta Renewables at the current share price can pick up a 5.25% dividend yield.

It wouldn't be a surprise to see the stock move back above \$20 by the end of the year.

The bottom line on cheap stocks to buy now

Nutrien and TransAlta Renewables appear oversold at current prices and should be solid picks today. If you have cash to put to work, these stocks deserve to be on your radar.

CATEGORY

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