



2 Cheap Stocks to Buy Now and Hold for 20 Years

Description

The overall **TSX Index** still appears expensive, but value investors can still find cheap stocks to buy for their retirement portfolios.

TransAlta Renewables

TransAlta Renewables ([TSX:RNW](#)) recently plunged on an update the company provided regarding problems at one of its wind farms.

All of the foundations for 50 turbines will need to be replaced at the Kent Hills 1 and Kent Hills 2 wind facilities. A turbine fell a few months ago, and an analysis of the entire site has led to the decision.

The wind turbines will be shut down until all of the foundations are replaced. TransAlta expects the work to be completed by the end of 2023 at a cost of \$75-\$100 million. In addition, the company estimates lost revenue to be \$3.4 million per month on an annualized basis.

TransAlta's share price initially dropped more than 10% on the news to nearly \$16 per share. Interestingly, the report shouldn't have been a surprise for the market. TransAlta announced the initial problem in early October last year and indicated in an October 29th update that the costs to replace the foundations would be in this range.

As such, the drop in the stock appears overdone, and investors who'd bought near \$16 are already benefitting. At the time of writing, TransAlta Renewables is rebounding and trades near \$17 per share. It was at \$18 before the pullback and traded as high as \$23.40 in the past 12 months.

Income investors can pick up a 5.5% dividend yield at the current price. A steady rebound in the stock price to \$20 is possible by the end of 2022.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) trades near \$90 per share at the time of writing compared to a high of \$99 it hit near the end of December.

The steep drop to start 2022 came as a result of the surprise announcement that Nutrien's CEO would be leaving the company after being in the job for less than a year. This kind of news doesn't impress investors, who are now wondering what happened and when a new permanent replacement will be found.

Despite the near-term management turmoil, the company's prospects still look strong for the next few years. Nutrien reported record Q3 2021 results driven by rising prices and surging demand for its core fertilizer products. Nutrien is the world's largest provider of potash and a major supplier of nitrogen and phosphate.

Farmers are planting more land to take advantage of high crop prices. This leads to increased demand for crop nutrients as well as for Nutrien's seed and crop protection products.

Nutrien is in a sweet spot in the market. The company has spare production capacity it can tap to boost supply and is getting an extra surge of demand due to sanctions placed by the United States and other countries against a major competitor.

Investors should see Nutrien continue to use the profits windfall it is enjoying to reduce debt and buy back stock in 2022. A generous dividend increase could also be on the way.

It wouldn't be a surprise to see the stock hit \$120 by the end of the year.

The bottom line on cheap stocks to buy now

TransAlta Renewables and Nutrien appear [undervalued](#) in an otherwise expensive market. If you have some cash to put to work, these stocks deserve to be on your radar today.

CATEGORY

1. Investing

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1. NYSE:NTR (Nutrien)
2. TSX:NTR (Nutrien)
3. TSX:RNW (TransAlta Renewables)

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