



RRSP Investors: 2 Cheap Stocks to Build Retirement Wealth in 2022

Description

The RRSP deadline for 2021 tax year is March 1. Investors who are planning to contribute to their self-directed [RRSP](#) before the deadline are lining up top [undervalued](#) stocks to buy with the funds to help grow the size of their [retirement](#) portfolio.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) looks cheap right now for investors who are of the opinion that the price of gold will hold its current level or move higher in the next couple of years.

The stock trades at less than \$24 per share at the time of writing. That's down 20% over the past 12 months. The price of gold, however, now sits at US\$1,826 per ounce, which is only down 2% from where it was at this time in 2021. Mining stocks tend to move more than the price of the metal, but the size of the gap appears overdone, especially when Barrick Gold is in such good financial shape.

The company has fully repaired the balance sheet and has the potential to generate significant free cash flow at the current gold price. In fact, free cash flow in Q3 2021 came in at US\$481 million. Barrick Gold's realized average gold price in the quarter was US\$1,771 per ounce. All-in sustaining costs were just US\$1,034 per ounce.

Barrick Gold indicated it was on track to hit its 2021 targets by the end of the year, so the Q4 results will likely be strong as well.

Barrick Gold pays a quarterly dividend of US\$0.09 per share. The company also gave investors a special return of capital last year that was an additional US\$0.42 per share. A dividend increase could be on the way for 2022 and another special payout is also possible.

Gold could take off in 2022 on safe-haven demand and increased buying by investors who want an inflation hedge. If the price of the yellow metal soars this year, Barrick Gold stock should catch a nice tailwind.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) trades near \$35 per share and offers investors a 4.8% dividend yield. The stock looks undervalued in the current oil environment with WTI trading at US\$82 per barrel, and analysts increasingly predicting a run to US\$100 in the next couple of years.

The rebound in the global economy is driving strong oil demand, even as ongoing COVID-19 travel restrictions keep cars in driveways and flights grounded. Once the world returns to a normal pace, fuel consumption could take off, and global oil producers might have trouble meeting the demand.

Suncor is very profitable at the current oil price. The company is buying back up to 7% of its outstanding stock under the existing repurchase program and will likely continue at that pace or be more aggressive through 2022. The board raised the dividend by 100% late in 2021, and another big distribution hike could be on the way this year.

Debt is back to a comfortable level, so more cash can go to investors.

Suncor traded for \$44 per share before the pandemic when oil was just US\$60 per barrel, so there should be solid upside potential, even if WTI pulls back from the current level.

The bottom line on top stocks to buy for RRSP investors

Barrick Gold and Suncor are industry leaders. The stocks look cheap right now in a market that is arguably still overbought. If you have some cash to put to work in a self-directed RRSP in 2022, these names deserve to be on your radar.

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