



2 Cheap TSX Stocks to Buy Right Now

Description

The overall stock market still looks expensive, but savvy investors can find deals in some [sectors](#) that have already pulled back or missed out on the 2021 rally and could surge in 2022.

Kinross Gold

Kinross ([TSX:K](#))([NYSE:KGC](#)) trades near \$7.20 per share at the time of writing compared to \$9 at this time last year and \$13 at one point in 2020. The 20% decline over the past 12 months compares to a 1% decrease in the price of gold over the same period. When you go back to the rally in 2020, gold is only 11.5% below its high at that time. Kinross, however, is off about 45%.

Gold stocks tend to be more volatile than the price of the yellow metal, but the disconnect regarding Kinross Gold appears overdone.

The company reported solid Q3 2021 results, and the Q4 numbers should be similar when they come out in February. Looking ahead to 2022, Kinross could outperform the gold mining sector.

Management expects production to rise from 2.1 million ounces in 2021 to 2.7 million in 2022 and 2.9 million in 2023. Tasiast, the company's flagship mine in Africa, restarted at lower costs than expected last year and is ramping up throughput in Q1 2022. An expansion of the project is on schedule for completion in 2023.

Kinross is buying back up to 5% of its stock under the current share-repurchase program and pays a quarterly dividend of US\$0.03 per share. That's good for an annualized yield of about 2% right now.

Gold currently trades near US\$1,840 per ounce compared to the average realized price of US\$1,790 in Q3 2021. If the price of gold maintains the recent gains or moves higher this year, Kinross is set to generate strong free cash flow due to the sharp rise in production and an anticipated lower cost base.

The stock looks cheap right now, and it wouldn't be a surprise to see Kinross trade above \$10 by the end of 2022.

Algonquin Power

Algonquin Power ([TSX:AQN](#))([NYSE:AQN](#)) trades near \$17.60 per share at the time of writing compared to a 12-month high around \$22.60. The stock fell through most of 2021 after a strong start to last year. Part of the weakness is due to investors selling renewable energy stocks that had rallied through the end of 2020. Algonquin Power came under added pressure in recent months after it announced its planned acquisition of Kentucky Power.

The US\$2.85 billion purchase is a big move for Algonquin Power. The deal is expected to close in the middle of 2022 and will greatly increase the customer count, rate base, and regulated power infrastructure of the company. Algonquin Power is in the process of raising the funds needed to cover the purchase. Once all the details are finalized, the stock should get a lift.

Algonquin Power has a good track record of making successful acquisitions and driving growth through organic projects. Management says the current US\$12.4 billion capital program will help the company achieve average annual adjusted earnings growth of 7-9% over the next few years. This should support steady dividend increases.

The stock looks cheap today and provides a current dividend yield of 4.9%, so you get paid well to wait for the share price to rebound.

The bottom line on cheap stocks to buy now

Kinross Gold and Algonquin Power appear [undervalued](#) right now and could deliver big gains for investors by the end of 2022. If you have some cash to put to work, these stocks deserve to be on your radar.

CATEGORY

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3. TSX:AQN (Algonquin Power & Utilities Corp.)
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