



2 Cheap TSX Stocks to Buy Now

Description

The market pullback is finally giving investors an opportunity to buy top Canadian stocks at [undervalued](#) prices.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) is positioned well to benefit from the recent rebound in the price of gold and the ongoing strength of the copper market.

Gold could be the commodity story of 2022. The precious metal should start to see demand rise, as investors search for protection against inflation. At the same time, safe-haven buyers could rush back into the yellow metal, as fears increase that Russia might invade Ukraine.

The meltdown in the [cryptocurrency](#) market should also be positive for gold. Pundits speculate that many traditional gold investors shifted funds to **Bitcoin** and other crypto plays to benefit from the rally. Now that they have been stung by the intense volatility that comes with the cryptocurrencies, investors might go back to gold.

Barrick Gold reported strong profits and healthy free cash flow for Q3 2021, and the Q4 results should be solid as well. Gold currently trades near \$1,840 per ounce compared to the 2020 high around US\$2,080. That's only a dip of about 11.5%, and it wouldn't be a surprise to see gold take another run at US\$2,000 per ounce in 2022.

Barrick Gold traded near \$40 at the 2020 peak. Today, the stock is around \$24, so there should be decent upside potential, even if the price of gold stays at its current level.

Investors could see a dividend increase this year, and another special return of capital is also possible.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) trades near \$50.50 per share at the time of writing. That's off the 12-month high of \$54.

Enbridge reported solid Q3 2021 results and raised the dividend by 3% when it announced the 2022 outlook in December. This was the 27th consecutive annual dividend increase by the board. Long-term investors are accustomed to much higher increases, but the situation has changed in the energy infrastructure [sector](#), and Enbridge is now focused on using more cash to shore up the balance sheet, fund projects, and buy back shares, as well as provide dividend increases.

Enbridge is targeting distributable cash flow growth of 5-7% over the next few years. The company is still finding organic growth opportunities, especially in the natural gas and renewable energy segments. Enbridge is also able to make strategic acquisitions to drive additional expansion of the business.

The oil and natural gas industry rebounded in 2021, and the outlook remains positive for 2022 and beyond, as the global economic recovery picks up momentum.

Investors who buy Enbridge stock at the current price can pick up a solid 6.8% yield. This is an attractive return for income investors and steady dividends increases should be on the way.

The bottom line on cheap stocks to buy now

Barrick Gold and Enbridge appear attractive at their current share prices and could deliver strong total returns for investors by the end of the year. If you have some cash to put to work in a [TFSA or RRSP](#) portfolio, these stocks deserve to be on your radar.

CATEGORY

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:ABX (Barrick Mining)
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