2 Plunging Value Stocks Worth Watching Closely

Description

The market action has been nothing short of vicious lately, with many leading value stocks getting dragged down by broader market forces that are no longer aimed at just high-multiple tech. Indeed, it's a tough place to be for a market newcomer. It's hard to buy after the S&P 500 plunged 10%, but this is the market correction that many have been calling for over the past year. After going so long without one, this dip certainly feels so much more painful. Add fears of over five rate hikes and an uncertain geopolitical climate into the equation, and it's not a mystery as to why almost everything has taken a hit to the chin of late.

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I know it's hard, but sometimes when panic is in the air, you just have to buy something. Hold your nose, try not to give in to fear, and just hit the buy button on a plunging value stock that you still believe in. It's times like these when markets roll over, dragging everything, including stocks that don't deserve to drop, that tend to be some of the better buying opportunities.

Indeed, 2022 was never meant to be the year that outdid 2021 or even 2020. But after such a January selloff, the prospective return picture has become that much better. And in this piece, we'll have a look at some of the stocks that are under pressure but may be worth nibbling on, as they're probably not going to fall to zero, as some speculative cryptocurrencies could, in theory.

Enter **Badger Infrastructure Solutions** (TSX:BDGI) and **TC Energy** (TSX:TRP)(NYSE:TRP), two great Canadian value names that strike me as bargains right here and now.

Badger Infrastructure Solutions

Badger is now down around 40% from its recent 2021 peak and 44% from its all-time high of $48 and change per share hit back in 2019. The soil excavation company is cyclical by nature, but if you don't foresee a recession striking anytime in the near future, shares of Badger may be in a spot to bounce back. Of course, the infrastructure play isn't just cyclical; it's also run into some company-specific issues in recent quarters. Indeed, margins are not where they need to be, but I think that most of the damage has already been done to the name that nobody seems to love anymore.

Hydrovac excavation is a boring and dirty business, but it's very necessary. With shares going for 1.8 times sales, Badger is a deep-value bargain that could really move higher once management can get its margins back in order. I think they can. In any case, the nearly $1 billion company seems overly punished, and the 2.3% yield looks safe.

TC Energy

TC Energy is a pipeline firm that's been given a modest lift on the back of higher energy prices. Still, the 5.6% yielder is down around 9% from its 2021 high and 18% from its all-time high hit back in early 2020. The diversified midstream energy player is geographically diversified with one of the most robust operating cash flow streams out there.

As the industry environment continues to improve, it will be hard to keep TC down, even if regulatory roadblocks have taken a bit of jolt out of the firm's longer-term growth profile. At the end of the day, the pipeline is gushing with cash, and income-oriented value investors are likely to continue doing well with the name in a year that could see a continued rotation into old-fashioned value and energy plays.

CATEGORY

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2. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
3. TSX:TRP (TC Energy Corporation)

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