



2 Under-\$5 Canadian Stocks I'd Buy Before March 2022

Description

The stock market roller coaster is continuing this year, as rising inflation worries are fueling investors' speculations about a tighter monetary policy. Last week, the main Canadian market index fell by 2.5% at settle just above 21,000 level. While the heightened market volatility has made investors nervous, the recent correction is making some fundamentally strong look cheap. Let's look at two such [cheap Canadian stocks](#) that I find worth buying to get handsome returns in the long term. Interestingly, both these stocks are currently trading below \$5 per share.

Baytex Energy stock

Baytex Energy ([TSX:BTE](#))(NYSE:BTE) is the first cheap stock that long-term investors could consider buying right now. It's a Calgary-based energy company that mainly focuses on crude oil and natural gas liquids production. This cheap Canadian stock is currently trading at \$4.84 per share with about 23.8% gains.

Last week, Baytex Energy stock saw a steep correction of more than 7% after the ongoing Russia-Ukraine geopolitical issues increased the volatility in crude oil prices. The company is expected to report its full-year 2021 financial results later this week. Street analysts expect Baytex to report a 64% jump in its yearly revenue to \$1.6 billion in 2021, showcasing a sharp recovery after its top line fell by nearly 46% in the previous year due to the pandemic-related demand issues.

In the first three quarters of 2021, Baytex Energy [managed](#) to reduce its net debt by \$283 million and generated a substantial free cash flow of \$284 million. This progress is in line with the company's focus on strengthening the balance sheet on enhancing shareholder return. I expect this consistent growth to possibly allow Baytex to use its free cash flow for things like per share buybacks and dividends in the future. That's why long-term investors may want to buy this cheap Canadian stock after the recent dip.

Tamarack Valley Energy stock

Tamarack Valley Energy ([TSX:TVE](#)) is another great Canadian stock to buy now, trading under \$5

per share. This energy company currently has a market cap of about \$1.9 billion. While this cheap TSX stock fell by 6.5% last week, it still trades with 22.3% year-to-date gains at \$4.71 per share.

Just like Baytex Energy, Tamarack Valley Energy's management has also increased its focus on improving the company's balance sheet lately. After facing big financial difficulties during the COVID period, Tamarack saw a massive improvement in its bottom line in the first three quarters of last year with the help of rising production. This is one of the reasons why this cheap Canadian stock jumped by more than 200% in 2021.

In the fourth quarter, its average production stood at 40,384 boe/d (barrels of oil equivalent per day), taking its full-year 2021 production to close to 34,562 boe/d. In 2022, the company plans to increase its production further to 45,000 to 46,000 boe/d. Excluding its recent acquisitions, Tamarack Valley expects to generate free funds flow between \$250 to \$300 million in the ongoing year, which should help it strengthen its balance sheet. I expect these factors could help this cheap Canadian stock continue soaring in 2022.

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2. Stocks for Beginners

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