The 3 Best Cheap Canadian Stocks to Buy Now

Description

The global stock markets are very volatile, as the Russia-Ukraine war has created an environment of uncertainty. The governments and central banks are making bold decisions that will impact the economy and the stock market. This is where the opportunity lies to buy cheap stocks.

Canadian energy stocks are buzzing

The S&P 500 Index and the Nasdaq Composite Index are down more than 12% and 19%, respectively, year to date. But the TSX Composite Index is relatively stable. Every 4-5% dip is followed by an equal rally. The Canadian stock market is outperforming the United States, because of its high exposure to commodities, especially oil. The war has created uncertainty around several commodity supplies.

The United States and Europe took a bold step of imposing sanctions on Russian oil and natural gas. While the United States can survive without Russian oil, Europe is at the risk of its worst energy crisis ever. Europe has charted out a 10-point plan to accelerate its efforts on reducing reliance on Russian natural gas, which caters to 39% of Europe's natural gas needs.

Necessity leads to opportunities in the stock market. This change in the global energy supply chain has created an opportunity for three Canadian stocks:

- **Crescent Point Energy** (TSX:CPG)(NYSE:CPG)
- **Northland Power** (TSX:NPI)
- **NexGen Energy** (TSX:NXE)

According to the 10-point plan, Europe will focus on accelerating the deployment of new wind and solar projects. It also includes maximizing energy from nuclear and bioenergy sources and looking for new liquefied natural gas (LNG) suppliers.

Crescent Point Energy

Crescent Point Energy is among the few oil and gas stocks trading below $10/share. It develops and produces crude oil and natural gas properties in Western Canada and the United States. The company took a hit from the 2014 oil crisis when the oil price dipped. Since then, the stock never recovered, as most countries reduced their investment in oil and gas development. They channeled that money into renewable energy projects.

The stock fell from its lifetime peak of over $46 in 2014 to $1.35 in March 2020. But the rising oil prices revived shareholders' interest in Crescent Point Energy. And now, the United States sanctions on Russian oil have opened long-term opportunities for Canada to supply more oil to America. Crescent Point Energy stock surged 50% in the last 12 months. The company is making the most of high oil prices by accelerating dividends and stock buybacks. It increased its dividend by 50%.

The oil prices are likely to remain high throughout the year as the Organization of the Petroleum Exporting Countries would need time to boost the oil supply. Crescent Point stock can give you double-digit capital appreciation amid supply uncertainty.

Northland Power stock

The United States and Europe have been accelerating their efforts towards renewable energy even before the war. The war has further boosted these efforts. Northland Power is at a sweet spot, as it has natural gas, offshore, and onshore wind projects in Europe, Asia, and the Americas. The company has 14 GW of projects (49% is in Europe and 38% is in Asia) in the pipeline. Its exposure to Europe is driving the stock. It surged 10% to over $40 since the war broke out. The stock could reach its all-time high of over $50, as new projects start pouring in.

NexGen Energy stock

Uranium is a highly radioactive metal used to produce carbon-free energy. Amid the war, there is a growing need to generate electricity, and uranium is being considered a viable alternative.

You cannot directly invest in uranium, but you can buy NexGen Energy stock that develops uranium projects in Canada, including Rook I. The stock will remain volatile, as any update on a radiation leak at any nuclear reactor in the world could put all nuclear power plant projects on hold for an indefinite period.

NexGen is a high-risk stock, but it has the potential to surge significantly if uranium prices surge. NexGen stock surged 54% in fewer than nine months in response to President Joe Biden's U.S. clean energy bill. It has the potential to grow further if the current momentum continues.

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2. TSX:NPI (Northland Power Inc.)
3. TSX:NXE (NexGen Energy Ltd.)
4. TSX:VRN (Veren Inc.)

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