2 Beyond-Cheap Canadian Stocks to Buy Next Week

Description

The Canadian stock market has seen an abundance of value versus the likes of the U.S. markets like the S&P 500 or Nasdaq 100 over the years. With the massive rotation out of growth and tech stocks, there has never been a better time to buy Canadian stocks, in my opinion. Indeed, many Canadians tend to swap their loonies for greenbacks to gain tech exposure south of the border. There's not much in the way of tech in Canada on a relative basis. In 2022, that's been a blessing.

Looking beyond energy and commodity producers, there are a lot of underrated gems that are profoundly profitable. It's these such stocks that trade at huge discounts. Just how large are such discounts these days? Depending on the stock, the margin of safety could prove enormous.

When markets are in free-fall mode, margin of safety is the name of the game. Investors who have the widest margin of safety will have the greatest chance of walking away without substantial losses in this current bear market. So, whether you're a Canadian investor who's looking to buy the market dip, or an American investor who's willing to make the FX exchange for greater value north of the border, you've come to the right place. In this piece, we'll have a closer look at two Canadian stocks that I view as incredibly cheap with huge margins of safety.

Consider shares of **Quebecor** (TSX:QBR.B) and **Leon's Furniture** (TSX:LNF), two underrated TSX stocks that simply do not get respect.

Quebecor

Quebecor is a Quebec-based telecom that has ambitions of becoming a fourth major player in Canada's telecom scene. In the province of Quebec, Quebecor is a dominant telecom firm. Though the company hasn't really ventured outside Quebec, I think the firm can do well if it were to expand nationally.

The Big Three telecoms don't want a fourth major carrier. They're fine with the triopoly that currently exists. Though Quebecor would play the role of a disruptor if it were to get serious about expanding beyond the confines of Quebec, it'll need to invest heavily in infrastructure. Such investments do not come cheap, and with rates poised to rise, the costs of competing could surge.

In any case, Quebecor generates solid returns on invested capital in Quebec. With the 5G and fibre rollout, the company has the means to really expand its footprint and grow its cash flows.

At $28 and change per share, the stock trades at 12.2 times trailing earnings to go with a 4.3% dividend yield. That's incredibly cheap for a firm that many investors may misunderstand.

Leon's Furniture

Leon's Furniture is a furnishings play that's absolutely nosedived of late, now down over 37% from its 52-week high to $16 and change per share. With a recession likely in the cards in 2023, discretionary firms deserve to be punished. However, there's a chance that the recession could see a soft landing, and if it does, LNF stock and names like it could have room to the upside. Currently, it seems like investors are preparing for a return of 2008. Leon's stock trades at a mere 6.6 times trailing earnings alongside a 3.9% dividend yield.

I think the punishment has been overdone for the top Canadian furniture retailer. Warren Buffett recently upped his stake in a U.S. furniture firm named **RH** on the dip, and it may prove wise to follow in the man's footsteps by mirroring such a bet in a name like Leon's. The stock went from cheap to embarrassingly cheap in just a matter of weeks.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:LNF (Leon's Furniture Limited)
2. TSX:QBR.B (Quebecor Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Investing

Date
2025/08/17
Date Created
2022/05/21
Author
joefrenette