3 Undervalued TSX Stocks to Watch in June

Description

The **S&P/TSX Composite Index** was down 114 points in mid-morning trading on June 9. Canadian markets have remained in a holding pattern since the Bank of Canada (BoC) moved forward on yet another 50-basis point rate hike early this month. Experts and analysts have continued to warn of the risks of recession, as policymakers work hard to fight soaring inflation levels. Today, I want to look at three TSX stocks that are trading at discounted levels. Let's jump in.

This undervalued regional bank stock is worth your attention today

Canadian Western Bank (TSX:CWB) is an Edmonton-based regional bank that has also successfully expanded into the eastern part of the country. Shares of this TSX stock have dropped 20% in 2022 at the time of this writing. This has pushed the stock into negative territory in the year-over-year period.

The path of interest rate tightening is set to put pressure on Canadian banks and especially their clients. Canadian Western Bank unveiled its second-quarter 2022 earnings on May 27. It reported revenue of $258 million — up from $247 million in the previous year. Meanwhile, adjusted earnings per share came in at $0.84, which was flat from the second quarter of 2021. This fell below analyst expectations.

This bank announced that it would increase its quarterly dividend to $0.31 per share. That represents a solid 4.2% yield. Better yet, this TSX stock possesses a very favourable price-to-earnings (P/E) ratio of 7.7.

Don't sleep on this TSX stock that just unveiled its earnings

Enghouse Systems (TSX:ENGH) is a Markham-based company that develops enterprise software solutions for a global client base. This TSX stock has plunged 43% so far this year. Its shares aredown 52% from the same period in 2021.

The company unveiled its second-quarter 2022 results on June 7. It reported total revenue of $106 million — down from $117 million in the previous year. Meanwhile, net income fell to $17.9 million over $20.7 million in the second quarter of 2021. Adjusted EBITDA came in at $33.8 million, or $72.3 million, in the year-to-date period, both down from $40.2 million and $84.7 million in the prior year. Enghouse aims to reorient and push an aggressive acquisition strategy going forward.

Shares of this TSX stock last had an attractive P/E ratio of 15. It possesses an RSI of 22, putting it well into oversold territory.

One more discounted TSX stock to consider right now

Aurora Cannabis (TSX:ACB)(NASDAQ:ACB) is the third and final TSX stock that is worth monitoring as we approach the official start of the summer season. Cannabis stocks have been a disaster since recreational use was made legal in October 2018. Shares of Aurora Cannabis, one of the largest domestic producers, have dropped 73% so far in 2022.

Investors got to see Aurora's third-quarter fiscal 2022 earnings on May 12. It is still projecting adjusted EBITDA profitability in the first half of fiscal 2023. Moreover, Aurora is still well positioned to take advantage of potential federal legalization in the United States. Shares of this TSX stock last possessed an RSI of 29, putting Aurora in technically oversold territory.

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Date
2025/08/25
Date Created
2022/06/09
Author
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