



## Beginner Investors: 2 TSX Stocks That Are Too Cheap to Ignore

### Description

[Beginner investors](#) have a tough task on their hands, with the S&P 500 flirting with a bear market for the second time this year. Indeed, rates on the 10-year U.S. note have risen to new multi-year highs at over 3.1%. This does not bode well for the many growth stocks that could lead the rest of the markets lower. Undoubtedly, value hasn't been spared either, with most corners of the market being negatively affected by investor anticipation of a severe economic slowdown.

Now, you're likely to find that the odds of a recession differ among various pundits on Wall Street. Many think the odds we'll fall into a recession will be anything from 30% to 80%. With some chance of a recession partially baked into markets, a stage could be set for a relief rally if we're dealt nothing more than a mild slowdown. Indeed, the consumer has shown signs of weakness, but that doesn't mean we're headed for a repeat of the events that unfolded back in 2008.

### Beginner investors: The case for staying the course

Moving ahead, beginner investors should be prepared for the worst but acknowledge that things may not be as ugly as they seem. Indeed, when so many investors have such a grim outlook on everything, it doesn't take much to deliver a huge sigh of relief.

In this piece, we'll have a closer look at two TSX stocks that look too cheap to ignore, given the market-wide bloodbath we've witnessed in the first half of 2022. While they may have further room to plunge should negative momentum overshoot to the downside, I am a fan of the valuations to be had from a longer-term perspective.

Without further ado, consider shares of banking behemoth **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) and toymaker **Spin Master** ([TSX:TOY](#)).

### Bank of Montreal

Bank of Montreal is a great Canadian bank that I touted as my top pick for June 2022.

The banking giant came off some pretty spectacular earnings results in the first half. Although an economic recession could take a bigger bite out of the share price over the next 18 months, I'd argue that Canada is far less likely than the states to be in a recession in late 2022 or 2023, given where oil prices are right now and how much higher they could rise over the coming quarters.

It's not just oil. Many commodity prices have been unstoppable over the past year, and it's this commodity-based strength that will allow the Bank of Canada to raise rates without having to take a hard hit to the chin.

Undoubtedly, Canada's overexposure to oil is a good thing in 2022. At writing, shares of BMO trade at 7.3 times trailing earnings, making it the cheapest bank stock based on a price-to-earnings basis. With a considerable amount of exposure to energy loans, BMO is one of the firms that can thrive as rates rise and the economy begins to slow its pace.

## Spin Master

Spin Master is a Canadian toymaker that's quite discretionary and seasonal in nature.

The company stumbled through pandemic-era lockdowns, only to power higher on the back of its strong digital games business. Indeed, many underestimated the company's resilience through challenging times.

Though discretionaries like Spin Master tends to be brutal holds in the face of a recession, I think the valuation makes the stock too good to pass up. If Canada doesn't fall into a downturn, the stock could have considerable upside, as it looks to break out of a year-long consolidation channel.

At 14.8 times trailing earnings, Spin Master stock looks to be one of the better bargains in the mid-cap space.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:TOY (Spin Master)

### 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**

2025/08/14

#### **Date Created**

2022/06/13

#### **Author**

joefrenette

default watermark

default watermark