3 Incredibly Cheap TSX Stocks I'd Buy in the Market Correction

Description

Stock market corrections are ideal times to buy stocks in great businesses at very cheap prices. With the **TSX Index** down 7.5% in 2022, it is hitting correction territory. If it weren't for Canada's large exposure to oil and gas stocks, the broader TSX would likely be much lower this year.

If you have an iron stomach and a long investment horizon (five years or more), the market correction is a great opportunity to fill your portfolio with top-quality stocks. Here are three stocks I'd consider picking up on the dip.

A top TSX income stock

As with most real estate stocks, **BSR REIT** (TSX:HOM.U) has pulled back significantly. It is down 16% in 2022. This real estate investment trust (REIT) owns a portfolio of well-located, garden-style apartment properties in Texas and Oklahoma.

In its first quarter of 2022, BSR grew its adjusted funds from operation (AFFO) (a core measure of real estate profitability) by 81% over last year! The value of its properties increased 66% on a per-unit basis. Its properties are located in some of the fastest-growing markets in America. Consequently, it is seeing market-leading rent growth.

Despite that, it is one of the cheapest apartment REITs you will find. It has a great management team, high-quality assets, and pays an attractive 3.4% dividend yield. For value, income, and growth, this is a great TSX stock to buy and hold for the long-term.

A top Canadian blue-chip stock

Canadian railroad stocks have been great blue-chip stocks to buy and hold for years and decades. They have limited competition, great pricing power, and provide economically essential transportation services. Consequently, their businesses are very resilient over long periods of time.

This year, **Canadian National Railway** (TSX:CNR)(NYSE:CNI) is down 8%. This TSX stock is trading with an elevated dividend yield of 2% right now. Its historic average yield is closer to 1.6%. This indicates that there might be some value in the stock at current prices.

CN Rail stock is never “cheap.” However, it might be undervalued today. Any major dip in the past 10 year has been an attractive chance to add this stock to your portfolio. For a steady, long-term compounder, CN is a great stock to buy on the dip and tuck away for the long term.

A top TSX growth stock

Some of the best value in the market today might be within Canadian growth stocks. Both profitable and unprofitable businesses are being “thrown out with the bath water.” This valuation reset is creating long-term opportunities. One growth stock I really like is **BRP** (TSX:DOO)(NASDAQ:DOOO). This TSX stock is down almost 25% this year.

With a price-to-earnings ratio of only six, this stock is incredibly cheap. BRP stock is the cheapest its valuation has ever been (other than during the pandemic crash).

BRP is one of the largest sellers of recreational vehicles and boats in the world. Certainly, these are discretionary products that could be impacted if we hit a recession. Yet the company continues to see strong demand. It has a long history of innovation, good management, and strong annual double-digit returns.

If you are looking to be opportunistic and contrarian, this cheap growth stock could have significant upside if negative economic headwinds start to reverse.

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2. NYSE:CNI (Canadian National Railway Company)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:DOO (BRP Inc.)
5. TSX:HOM.U (BSR Real Estate Investment Trust)

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