3 Dirt-Cheap Canadian Stocks to Buy in This Market Correction

Description

The **S&P/TSX Composite Index** shed 253 points on June 22. Canadian investors are facing unprecedented challenges this decade. North Americans are wrestling with inflation rates not seen in more than a quarter century. Meanwhile, top indexes have officially entered a bear market. Today, I want to look at three Canadian stocks that look deeply discounted in this market correction. Let's jump in.

This undervalued energy stock also offers a solid dividend

AltaGas (TSX:ALA) is a Calgary-based energy infrastructure company. Shares of this Canadian stock have dropped 2.5% in 2022 as of close on June 22. Its shares have declined 11% in the month-over-month period.

Investors can expect to see this company's next batch of 2022 results in late July. The energy sector has been on fire in 2022 due to soaring oil and gas prices. In Q1 2022, AltaGas reported income before taxes of $504 million — up from $473 million in the previous year. The company benefited from solid production and normalized EBITDA growth of 10% in its Utilities segment.

This Canadian stock currently possesses a price-to-earnings (P/E) ratio of 29. It last had an RSI of 31, which puts AltaGas just outside technically oversold territory in this market correction. Better yet, it offers a monthly dividend of $0.265 per share. That represents a very solid 4% yield.

Here's a cheap stock in the housing space to consider this summer

Canada's real estate sector enjoyed incredible growth since passing through the 2007-2008 global financial crisis. The housing space gorged on historically low interest rates and loose monetary policy that ballooned lending and led to a massive spike in valuations. Our vaunted real estate space is now facing its stiffest challenge as the Bank of Canada (BoC) has moved to aggressively raise interest rates to combat soaring inflation.

Home Capital (TSX:HCG) is one of the largest alternative lenders in the country. It has thrived due to its very active role in the residential and non-residential mortgage lending space. Shares of this Canadian stock have plunged 35% so far this year. That has represented the bulk of its year-over-year losses.

Despite the near-term stressors, I'm not ready to count out the Canadian housing market. Immigration, low supply, and continued high demand should establish a solid floor, even in the face of these headwinds. That makes Home Capital an interesting target to kick off the summer season. The stock is also trading just outside of oversold levels with an RSI of 33.

One more cheap stock that is a certified profit machine

TD Bank (TSX:TD)(NYSE:TD) should require no introduction among Foolish readers. This Canadian stock is the second largest of the Big Six banks by market cap. TD Bank and its peers enjoyed a very nice bounce back year in 2021. However, these equities have not been able to sidestep the market correction. TD Bank stock has dropped 12% so far in 2022.

This Canadian stock possesses a favourable P/E ratio of 10. It last had an RSI of 29, which puts the top bank stock in technically oversold territory. TD Bank offers a quarterly dividend of $0.89 per share. That represents a solid 4.1% yield. This super Canadian stock is well worth monitoring in this market correction.

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Date
2025/06/29
Date Created
2022/06/23
Author
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