



3 Cheap TSX Stocks to Buy in July 2022

Description

While the **TSX Index** of stocks is down 11.7% year to date, it masks the fact that many stocks are down significantly more. Nearly every sector has been hit in some way or another. Even oil and dividend stocks, that soared in the early part of the year, have recently fallen off a cliff.

Bear markets are normal, so learn to profit from them

This can be discouraging for investors who see the value of their portfolio quickly decline. However, one must remember that [bear markets](#) are a part of the market cycle. If you want to invest in liquid equities on the stock market, you have to be prepared to handle short-term volatility.

The great news is, bull markets often rise faster and last longer than bear markets. If you can get through this challenging market, you can get through anything just as bad in the future. The key to investing success is to regularly save, regularly invest, and then do nothing. Over long periods of time, the power of compounding takes over.

The good news about bear markets is that you can pick up high-quality stocks for cheap prices. If you are looking to deploy some capital this July, here are three cheap TSX stocks to consider.

A cheap large-cap TSX energy stock

Cenovus Energy ([TSX:CVE](#))([NYSE:CVE](#)) has recently fallen by over 25%. In comparison, [the price of oil](#) has only fallen by 15% to around US\$100 per barrel. Somehow there is a clear disconnect here. Cenovus has a high-quality portfolio of energy production and refining assets across North America.

Given strong energy prices, the company has been generating a significant amount of spare cash. It is trading with a free cash flow yield of 23% right now! The company is using that to quickly reduce debt.

Once it hits net debt targets, shareholders can expect returns in the form of significant share buybacks and dividends. This stock only trades for four times free cash flow and 4.8 times earnings. While it is

volatile, it is a very cheap TSX stock today.

An ultra-cheap industrial stock

Another incredibly cheap TSX stock is **Hardwoods Distribution** (TSX:HDI). It is down 35% in 2022 so far. It is one of the largest distributors of architectural building products in North America. The market is worried about slowing housing construction starts, so it has marked down this stock.

In the short term, that may be true. However, there remains a massive housing deficit across the continent. For the long term, this company still has significant opportunities to grow organically and by implementing a smart acquisition strategy.

Two recent large acquisitions have made its business more diversified and economically resilient than ever. Today, this TSX stock trades for 4.4 times earnings and 2.8 times free cash flow.

A top TSX compounding stock at an attractive price

Colliers International Group ([TSX:CIGI](#))([NASDAQ:CIGI](#)) is one of the cheapest top-quality TSX compounder stocks you will find. The stock is down 23% this year. At \$144 per share, it trades for 10.8 times free cash flow and 14.5 times earnings.

For a stock that has compounded net income by 20% annually for the past 10 years, it looks very attractive at this price. Colliers has vastly diversified its business in the past five years. It has added expertise in engineering/consulting, commercial banking, property management, and asset management.

It just added several high-margin, high-recurring revenue asset management businesses to its platform. It is earning more recurring revenue at higher returns than before. While the macro looks challenging, this business is very resilient. As a result, it is an attractive buy today.

CATEGORY

1. Investing
2. Stocks for Beginners

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2. TSX:ADEN (Adentra)
3. TSX:CIGI (Colliers International Group)
4. TSX:CVE (Cenovus Energy Inc.)

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