Top UNDERVALUED TSX Stocks to Buy in Uncertain Markets

Description

Richly valued stocks have been notably punished of late thanks to runaway inflation and fast-rising rates. Perhaps, markets could continue to trade weak due to macro uncertainties even after the recent weakness. Thus, undervalued names will likely outperform in due course. Here are two top undervalued TSX stocks to consider as market uncertainties increase.

B2Gold

The traditional safe havens like gold and gold miners have also been terribly weak this year. Canadian gold miner stock **B2Gold** (TSX:BTO)(NYSE:BTG) has lost 30% since March and is currently trading at its three-year lows.

Well, not just BTO but almost all gold miners were weak of late. That's mainly because of the lost sheen of the yellow metal. U.S. dollar and Treasury yields strengthened as interest rates rose, which weighed on gold.

However, stocks like B2O will likely change course and outperform, as the bullion changes course. It is currently trading nine times its earnings, way lower than peers and its historical average. BTO also yields close to 5%, which is higher than peers.

B2Gold operates quality mines in West Africa. It has seen significant production growth in the last few years.

Gold and miner stocks will again steal the limelight in the near term amid the potential economic downturn. So, as policy tightening slows or may get reversed, gold will likely gain back its sheen, and so will miner stocks.

Canadian Natural Resources

I think TSX energy stocks overreacted to the recent crude oil fall. At the same time, markets also seem to have ignored the expected superior second-quarter performance from oil and gas names. That's why shares of **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ), the country's energy major, have corrected 30% in just the last five weeks.

But this could be another interesting opportunity for discerned long-term investors. CNQ stock is currently trading seven times its earnings. Apart from the steep earnings growth, we will likely see more deleveraging and more buybacks in Q2 2022, thanks to CNQ's strong free cash flow growth prospects. And this will not just be with CNQ, but we will likely see balance sheet improvement and dividend hikes across the sector.

CNQ stock has lost all the gains that it had added so far this year amid the recent downtrend. It currently offers a juicy dividend yield of 5%, higher than TSX stocks. CNQ doubled its shareholder dividends for 2022 compared to 2021.

Thus, given the healthy dividend profile, strong earnings growth prospects, and undervalued stock, CNQ seems like an attractive bet, especially after the correction.

Crude oil has been weak of late. However, the macro picture and demand-supply imbalance still support higher oil prices, even in case of a recession. So, we might see crude oil prices bottoming out soon.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSEMKT:BTG (B2Gold Corp.)
3. TSX:BTO (B2Gold Corp.)
4. TSX:CNQ (Canadian Natural Resources Limited)

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. kduncombe
2. vinitkularni20

Category

1. Investing
2. Stocks for Beginners

Date
2025/07/19
Date Created
2022/07/14
Author
vinitkularni20