



## Stock Market Selloff: 3 Undervalued TSX Stocks You Can Buy Right Now

### Description

The market selloff entered its seventh month in July, with the benchmark U.S. and Canadian indices down more than 10% year to date. Recently, as recession fears increase amid aggressive interest rate hikes, market weakness is expected to continue.

Despite the grim near-term outlook, investors have been stacking up on fundamentally sound [undervalued stocks](#), given their potential to deliver outsized returns in the medium to long term.

### Bank of Nova Scotia

Also known as **Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)), Bank of Nova Scotia is one of the top five Canadian banks. It has \$1.18 trillion in assets and is deemed as “too big to fail.” The Bank of Canada’s supersized 1% benchmark interest rate hike is expected to be a boon for BNS, as interest earnings on loans will rise substantially.

The stock has declined 21.17% year to date due to ongoing stock market correction. However, BNS is currently trading at an impressive discount compared to its peers. It is currently trading 8.25 times its forward non-GAAP earnings, which is 15.24% lower than the peer average.

The bank’s financials are expected to grow at a stable rate in the current year. Bay Street analysts expect BNS’s revenues to rise 5.7% year over year to \$25.85 billion in 2022. Moreover, the consensus EPS estimates for fiscal 2022 indicate an 11.2% improvement year over year.

Apart from stock price appreciation, you will also benefit from the handsome dividend payouts by investing in BNS stock. Its forward annual dividend payout of \$3.19 yields an impressive 5.65%.

### Northland Power

In the race to go green amid increasing climate change concerns, clean energy producer **Northland Power** ([TSX:NPI](#)) has been winning. Given fluctuating crude oil prices, renewable energy has been

gaining traction lately, driving NPI's share prices higher. The stock surged 6.11% so far in 2022 and is up 9% over the past month, easily outperforming the S&P/TSX 60 Composite Index.

In fact, the benchmark index's intraday rally yesterday was due to the stellar performance of Canadian energy stocks, including NPI. Nonetheless, NPI is trading at a discount right now, given its earnings-growth prospects. The stock is currently trading just 4.12 times its trailing 12-month sales, which is reasonable. Also, in terms of trailing 12-month EV/EBITDA, NPI is currently trading at 10.78, which is 19.6% lower than its peers.

Analysts expect the stock to hit \$45.50 within the next 12 months, reflecting a 13% upside. NPI has been taking steps to boost its production capacity, which will drive its long-term growth. The company recently signed a 20-year agreement to auction the production from its offshore wind project to Taiwan Power Company.

## Fortis

Electricity and gas utility stock **Fortis** ([TSX:FTS](#))(NYSE:FTS) is one of the safest bets given the current volatile market backdrop. Despite surging 4% over the past month, Fortis is still undervalued compared to its peers. It is currently trading just three times its trailing 12-month sales and 1.65 times its book value, which is quite reasonable.

Electricity demand might witness a seasonal jump soon, as Environment Canada issued a heat warning yesterday. Moreover, Senior climatologist Dave Phillips predicts the rest of July and August to be "warmer than normal." Fortis, which has a 3.4 million customer base, might benefit from the expected increase in prices in the third quarter.

The stock's impressive dividend yield also makes it a good investment now. It has a forward dividend yield of 3.58%, making it attractive to income-seeking investors.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:FTS (Fortis Inc.)
5. TSX:NPI (Northland Power Inc.)

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