3 Great Value Stocks to Buy if the Selloff Continues

Description

The investment landscape changes every year, depending on the economic environment. **TSX** investors are fortunate, because Canada's primary stock market hasn't lost from 2019 to 2021. The average return, or gain, is 14.34%, although the lowest was 2.17% in 2020 during the first COVID year.

As of July 29, 2022, the TSX is losing by 7.21% year to date, with only four of the 11 primary sectors in positive territory. While the equities advanced 3.74% in the last five trading days, a market correction isn't remote. Recession fears due to aggressive interest rate hikes still hound the market.

However, instead of pulling out before the selloff continues, consider taking positions in three great value stocks. **Loblaw** (TSX:L), **Imperial Oil** (TSX:IMO), and **Trican Well Services** (TSX:TCW) are well positioned to endure a downturn.

Consumer defensive

Loblaw, which is in the consumer staples sector, is an ideal hedge against inflation. The 22% increase in adjusted net earnings in the second quarter (Q2) 2022 versus Q2 2021 is proof that business is steady. In the first half of the year, pharmacy and healthcare services (17.2%) contributed the most to total sales.

Its chairman and president Galen G. Weston said, "Loblaw delivered consistent operating and financial results, as customers recognized the value, quality and convenience delivered through our diverse store formats, control brand products, and our PC Optimum loyalty program."

The management of the iconic grocery chain see signs that inflation has or will soon peak due to normalizing supply chain issues. It also cites the aggressive action of central banks to contain skyrocketing prices. At $116.57 per share, current investors are up 13.24% year to date. The 1.39% dividend should also be safe and sustainable.

Fully integrated assets

Imperial Oil continues to report glowing financial results this year. In Q2 2022, net income rose 558% to $2.4 billion versus Q2 2021. For the first half of 2022, net income grew 373% year over year to $3.58 billion. Performance-wise, the energy stock is up 36% year to date. The dividend yield is a decent 2.22%.

Chairman, president, and chief executive officer Brad Corson said, “Our second-quarter results are underpinned by an ongoing focus on safe and reliable operations, allowing us to capture significant value from our fully integrated assets amid continued commodity price strength, while also ensuring a stable supply of energy products to support growing demand.”

Role player

Trican isn’t an oil producer, but it plays a vital role in the energy industry. This $924.2 million company supplies oil and natural gas well-servicing equipment and solutions. The solutions and services help customers through the drilling, completion, and production cycles.

In the first half of 2022, profit from continuing operations reached $14.8 million compared to the $6.7 million net loss in the same period last year. Free cash flow increased 42% year over year to $45 million. Management’s overall outlook for its services in 2022 is very positive.

Besides the strong global demand for energy, Trican expects commodity pricing to remain strong due to macroeconomic factors. Note that this energy stock has a total return of 286.73% (56.71% CAGR). At only $3.79 per share, the year-to-date gain is 36.82%.

Top value picks

Loblaw, Imperial Oil, and Trican Well Services are excellent choices for value investors. The stocks are outperforming yet are trading below their intrinsic values.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:L (Loblaw Companies Limited)
3. TSX:TCW (Trican Well Service Ltd.)

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