Got $6,000? 2 Cheap Stocks to Buy for Your TFSA Right Now

Description

In volatile markets, it's hard to put your latest $6,000 TFSA (Tax-Free Savings Account) contribution to work. The choppiness is enough to make any beginner investor uneasy. Though the stock market is sustaining a rally off its June 2022 lows, questions linger as to whether or not this is just another bull trap or bear bounce.

Bear markets tend to be less forgiving to new investors and dip buyers who expect immediate results. In any case, bear markets typically last an average of nine months. This current bear market is now more than seven months old. Indeed, the end of the bear flop could be in sight. Though a recession will certainly prolong this market sell-off.

In any case, I think the table is tilted slightly in favour of the bulls. I believe those who pick their spots can set themselves up very well for the long run. So, instead of waiting for a pullback in the **TSX** Index before putting your latest $6,000 TFSA amount to work, consider the following two stocks that currently look way too cheap to ignore.

Restaurant Brands International

Restaurant Brands International (TSX:QSR)(NYSE:QSR) may be one of the cheapest fast-food stocks out there. The firm owns Burger King, Popeye's Chicken, Tim Hortons, and the lesser-known Firehouse Subs. With minimal product overlap and a world of growth opportunities, Restaurant Brands is a legendary roster of chains at a discounted multiple. The one knock against this stock may be its management. They're relentless cost cutters, and they may have cut too deep in recent years. Certainly, strategic investments need to be made to unlock growth.

I think QSR's managers have learned from their mistakes, as demonstrated by their commitment to invest in modernizing existing stores, with the adoption of new technologies.

On Thursday, the stock popped around 7%, as Q2 numbers blew away the estimates. Burger King comparable sales surged 10%, (18% of this growth came internationally), well above the 4% estimates.

Looking ahead to September, management will lay out its long-term plan to reinvigorate Burger King. I think it's a very exciting time to be an owner of QSR's beaten-down shares while management seeks to reawaken the appeal of its legendary brands. The stock trades at 4.2 times price-to-sales (P/S), below the 13.8 industry average. Further, the dividend yield (3.7%) is well above the industry average yield of 2.2%.

In short, QSR stock is relatively cheap, with a bigger yield, and room to run.

Canadian Tire

Canadian Tire (TSX:CTC.A) is a well-run retailer and one of Canada's best known brands, perfect for any TFSA retirement fund. The stock yields a bountiful 3.83%, only slightly higher than the retail industry average. In addition to a large and growing retail footprint, it owns banner brands like Mark's, Party City, and SportChek. It also operates gas stations across almost every province and territory, owns a large portion of its own REIT, and has a rapidly growing financial segment.

Indeed, a recession doesn't bode well for retailers. Consumers will be stretched, and demand for discretionary (nice to have) goods will be on the downtrend. In any case, Canadian Tire seems to have too much recession fear baked in.

The stock trades at 8.9 times price-to-earnings (P/E), well below historical averages. Earnings are expected to wane gradually over the coming quarters. But that's expected by the Street already. The real upside comes from Canadian Tire's ability to leap past the low earnings bar set before it. Exceptional managers effectively navigated the retailer through the pandemic, and it continued to perform well. All things considered, I'd say this stock is a must-buy.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:QSR (Restaurant Brands International Inc.)

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. agraff
2. joefrenette

Category

1. Investing
2. Stocks for Beginners

Date
2025/08/22
Date Created
2022/08/05
Author
joefrenette