1 Dirt-Cheap Stock (With a Growing Dividend) That’s a Screaming Buy

Description

The market rally is kicking it up a notch, with the S&P 500 surging over 2.1% on Wednesday over evidence of peaking inflation. Indeed, the reported 8.5% inflation number was still hot. That said, it was lowered than expected. And it could be just the start of a slide towards much lower levels, perhaps in the 6% range by the end of the year. Amid the market rally, we’ve seen almost everything rally higher.

Though tech and growth led the upward charge on hopes the U.S. Federal Reserve won’t have to raise interest rates, as aggressive as initially thought, the sheer breadth of the rally was comforting to many types of investors, both aggressive and conservative. With meme stocks picking up traction once again, there is a bit of worry that another speculative bubble could inflate within pockets of this market.

Despite the reheating of the speculative trade and the recent bounce in cryptocurrencies, I’d argue that such speculation pockets are likely to be more isolated. Looking to many fallen tech darlings, they’re still in a historic rut, with certain names off over 75% from their highs. A 75% drop is excessive and is equivalent to seeing shares of a name get cut in half twice!

Don’t fear the market rally

Many bears will doubt the rally. However, I think it makes sense to reach for the value stocks that still exist, even though a lot of investors are feeling reluctant to chase anything that’s done well of late. The 2022 stock market selloff is a reminder for many about the dangers of chasing momentum without putting in the fundamental due diligence.

Though markets are off to a strong start to the second half, I wouldn’t stand pat if you’ve got too much cash sitting around. If your cash hoard is building over time, with every paycheque, it does make sense to consider some of the names that may not have rallied as furiously as the broader S&P 500.

Quebecor: A telecom underdog that could grow quickly

In this piece, we’ll look at one undervalued catch-up stock to buy and hold for the long term. Enter

Quebec-based telecom **Quebecor** (TSX:QBR.B), which is still down around 10% over the past year.

The lagging telecom boasts an impressive 4.3% dividend yield after going virtually nowhere for a few years now. Looking ahead, Quebecor is hungry to disrupt the status quo within Canada's telecom scene. Undoubtedly, regional telecom faces stiff risks, as it looks to expand into new provinces. With rates rising, it'll take a considerable ramp-up in investment to take on the Big Three.

In any case, I think Quebecor has the federal government on its side, as it looks to get favourable treatment to induce greater competition (and lower prices) for Canadian consumers. The firm has its sights set on Freedom Mobile, which would give Quebecor a solid national wireless foundation to grow out.

In any case, Quebecor is doing fine in the province of Quebec, with returns on equity (ROE) at 46.9%, well above the 15.56% telecom industry average. Management knows how to get a great bang for its buck. In short, I think Freedom Mobile would be in far better hands with Quebecor, given management's proven track record of operational excellence.

The stock trades at 11.3 times price-to-earnings (P/E), which is a heck of a lot lower than the industry average P/E of 20.4.

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