1 of the Cheapest Canadian Dividend Stocks (Under $5) I'd Buy Before August Ends

Description

The stock market uncertainties don't seem to be ending soon, as investors remain worried about the possibilities of a recession in the near term. While most economic indicators haven't yet shown a major sign of a recession, negative factors like high inflationary pressures, a rising interest rate environment, and heightened geopolitical tensions are making investors nervous.

In such a scenario, investors tend to flee riskier assets and consider gold a safe harbour. The long-term price outlook for gold also remains strong with consistently rising global demand. As gold prices surge, gold miners' profitability also increases. That's why it could be the right time for you to consider adding some fundamentally strong gold stocks to your portfolio, as most of them currently are trading deep in the red.

In this article, I'll highlight one of the cheapest Canadian stocks to buy before the end of August, which currently trades under $5 per share. This seemingly undervalued stock also rewards its investors with healthy dividends.

Kinross Gold stock

Kinross Gold (TSX:K)(NYSE:KGC) is a Toronto-based gold mining firm with a market cap of nearly $6 billion. After ending the first quarter on a flat note, its stock fell sharply by nearly 38% in the second quarter — partly due to a decline in gold prices. While this cheap dividend stock has seen a minor 5% recovery in August so far, it's still trading with nearly 30% year-to-date losses at $4.59 per share and has a dividend yield of around 3.4%.

Besides its regular mining activities, Kinross Gold also focuses on quality acquisitions of gold-bearing properties. These efforts have helped the company expand its business in many countries, including the United States, Brazil, Russia, Mauritania, and Ghana. In 2021, its production at the Brazil-based Paracatu mine was the biggest contributor to its topline, accounting for nearly 26% of its total revenue.

Analyzing its earnings-growth trends

In 2020, Kinross Gold posted an outstanding rise in its adjusted earnings to $0.77 per share — significantly higher than $0.34 per share in the previous year. Despite risks associated with the COVID-19 pandemic, the company continued to follow rigorous safety measures, which helped its Tasiast mine reach record production. In addition, its profitability also expanded significantly that year due to a massive rally in gold prices with growing demand.

In June 2021, however, a fire at Kinross Gold's Tasiast mill affected its yearly production. This factor and a lower gold price environment were the two of the key reasons driving its adjusted earnings down by 44% from a year ago in 2021. Nonetheless, throughput at its Tasiast mill was significantly ramped up to complete mill restart by the end of the year.

Bottom line

Despite its recent challenges, the long-term growth outlook for Kinross Gold remains strong due to its well-diversified portfolio of mines and projects across geographies. The company plans to increase its production levels in the second half of 2022 and the full year of 2023, which should help accelerate its financial growth. Also, an expected rise in gold prices amid rising macro level uncertainties could help the company improve its profitability and its stock recover fast. Given that, long-term dividend investors may consider buying this cheap Canadian stock before it's too late.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:K (Kinross Gold Corporation)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. jparashar

2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/08/14
Date Created
2022/08/24
Author
jparashar