2 TSX Dividend Stocks That Are Dirt Cheap Right Now

Description

The stock market has been exceptionally volatile this year. The **S&P/TSX Composite Index** is down by 9.18% from its 52-week high at writing but up by around 10% since its July 2022 low. Rising inflation and the interest rate hikes to control it has created plenty of economic uncertainty. Many stock market investors have taken their money out of the markets to invest in safe-haven assets to protect their capital.

Stocks across the board are trading below their all-time highs. Risk-averse investors might feel inclined to take their money and run. However, opportunistic investors use market uncertainty as a chance to invest in high-quality stocks trading at significant discounts.

Finding undervalued stocks is not a matter of investing in stocks trading below their highest point. Identifying high-quality businesses with solid fundamentals and the ability to deliver stellar long-term returns is important. Many high-quality dividend stocks trade for substantial discounts due to market volatility. Lower valuations can mean inflated dividend yields and higher returns.

Today, I will discuss two high-quality dividend stocks trading for significant discounts and high dividend yields. Take a closer look at them to see whether they could be worth adding to your investment portfolio.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is a $59.06 billion market capitalization multinational banking and financial services company. Headquartered in Toronto, CIBC is among the Big Six Canadian banks, automatically making it an attractive stock to have in your self-directed portfolio.

The Canadian bank is a mature and well-established business with solid growth, and it pays a handsome dividend.

As of this writing, CIBC stock trades for $65.38 per share and boasts a juicy 5.08% dividend yield. It is down by almost 22% from its 52-week high, and its discounted valuation has significantly inflated its dividend yield. Well capitalized and with strong fundamentals, CIBC stock can be an excellent investment to consider.

TransAlta Renewables

The renewable energy industry is becoming increasingly popular as the world slowly transitions to a greener future. Companies like **TransAlta Renewables** (TSX:RNW) are well positioned to capitalize on the growing demand.

TransAlta is a $4.67 billion market capitalization renewable energy company headquartered in Calgary. The company owns and operates a portfolio of diversified renewable energy assets across Canada, the U.S., and Australia.

It is a solid and defensive business with substantial long-term growth potential. Many of its facilities have long-term and regulated contracts, generating predictable cash flows. It means the company is a reliable dividend payer.

As of this writing, TransAlta Renewables stock trades for $17.49 per share and boasts a 5.37% dividend yield. Trading at an almost 15% discount from its 52-week high, it could be a great investment at current levels.

Foolish takeaway

Despite all the volatility we have seen in the stock market this year, the opportunity to invest in high-quality stocks at discounted prices is a positive takeaway. Identifying and investing in reliable dividend stocks with inflated yields sweetens the deal further for value-seeking investors.

Canadian Imperial Bank of Commerce stock and TransAlta Renewables stock can be excellent investments for this purpose.

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2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:RNW (TransAlta Renewables)

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