3 Undervalued Dividend Stocks to Buy in This Volatile Market

Description

North American stocks were hit hard earlier this week, as central banks have remained committed to their rate-tightening paths in the face of stubbornly high inflation. The **Dow** plummeted 1,200 points on Tuesday, September 13, which was its worst single-day retreat since June 2020. Meanwhile, the **S&P/TSX Composite Index** also suffered a sharp triple-digit drop. Fortunately, markets enjoyed a partial rebound the following trading session. Today, I want to zero in on three dividend stocks that have tumbled to discounted levels in this turbulent market. Let's jump in.

This undervalued dividend stock is one you can trust for the long haul

BCE (TSX:BCE)(NYSE:BCE) is a Toronto-based telecommunications and media company that provides wireless, wireline, internet, and television (TV) services to residential, business, and wholesale customers in Canada. Shares of this top telecom have dropped 7.3% in 2022 as of close on September 14. That has pushed the dividend stock into negative territory in the year-over-year period.

The company released its second-quarter (Q2) fiscal 2022 results on August 4. BCE reported operating revenues of $5.86 billion — up 2.9% from the previous year. Meanwhile, adjusted net earnings increased 5.3% year over year to $791 million. Free cash flow jumped 7.1% from the prior year to $1.33 billion.

This dividend stock last possessed a favourable price-to-earnings ratio of 19. It last paid out a quarterly distribution of $0.92 per share. That represents a tasty 6% yield.

Here's why I'm looking to snatch up Park Lawn on the dip in the middle of September

Park Lawn (TSX:PLC) is a dividend stock I've recommended for Canadian investors for years. This Toronto-based company provides deathcare products and services in Canada and the United States.

Its shares have plunged 37% in 2022 as of close on September 14. The stock is down 30% from the previous year.

In Q2 2022, this company delivered net revenue growth of 5.4% to $75.9 million. Meanwhile, net revenues increased 11% in the first six months of fiscal 2022 to $159 million. However, adjusted net earnings fell 24% from the first quarter of fiscal 2021 to $6.62 million this year. Park Lawn experienced a earnings dip, as death rates normalized following higher numbers than average during the COVID-19 pandemic.

Relative Strength Index (RSI) is a technical indicator that measures the price momentum of a given equity. Shares of this dividend stock currently possess an RSI of 26, which puts Park Lawn in technically oversold territory. It offers a quarterly dividend of $0.114 per share, which represents a modest 1.7% yield.

One more cheap dividend stock to buy today

AirBoss of America (TSX:BOS) is the third discounted dividend stock I'd look to snatch up at the midway point in September. This Newmarket-based company develops, manufactures, and markets rubber-based products for automotive, heavy commercial, construction and infrastructure, oil and gas, and defence industries in North America and around the world. Its shares have plummeted 76% so far in 2022.

Investors got to see AirBoss's second-quarter fiscal 2022 earnings on August 4. Net sales rose to $255 million in the first six months of 2022 — up from $225 million in the prior year. Meanwhile, its adjusted profit was halved in the year-over-year period. This dividend stock last had an RSI of 23, putting AirBoss in oversold levels. It offers a quarterly dividend of $0.10 per share. That represents a 3.9% yield.

CATEGORY

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2. TSX:BCE (BCE Inc.)
3. TSX:BOS (AirBoss of America Corp.)
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