3 Cheap Stocks That Yield up to 7.1%

Description

The **S&P/TSX Composite Index** plunged 366 points on Tuesday, October 11. Every single major sector finished the day in the red. Some of the worst-performing sectors included health care — largely due to reeling cannabis stocks — energy, and information technology. In this environment, Canadian investors may want to target cheap stocks that also offer income. Today, I want to zero in on three equities that are undervalued and boast hefty dividend yields. Let's jump in.

This cheap stock in the renewable space offers nice value and income today

TransAlta Renewables (TSX:RNW) is a Calgary-based company that develops, owns, and operates renewable power-generation facilities. Spherical Insights recently estimated that the global renewable energy market was worth US$881 billion in 2021. This market researcher projects that this market will deliver a compound annual growth rate (CAGR) of 8.5% from 2021 through to 2030. The market is expected to hit US$1.93 trillion by the end of the projected period.

Shares of this cheap stock have plummeted 29% in 2022 as of close on October 12. The stock is down 30% year over year. EBITDA stands for earnings before interest, taxes, depreciation, and amortization. This measure gives a more complete picture of a company's profitability. In the second quarter (Q2) of 2022, the company delivered adjusted EBITDA growth of 30% to $126 million.

Relative Strength Index (RSI) is a technical indicator that measures the price momentum of a given security. This green energy stock currently possesses an RSI of 14, which puts TransAlta well into technically oversold territory. Meanwhile, it offers a monthly dividend of $0.078 per share. That represents a monster 7.1% yield.

Don't sleep on this discounted energy stock this October

TC Energy (TSX:TRP) is another Calgary-based company that operates in the energy infrastructure space. This cheap stock has dropped 7.5% in the year-to-date period. Its shares are down 13% year over year.

Investors can expect to see its next batch of results in early November. The company unveiled its Q2 fiscal 2022 earnings on July 28. It delivered net income of $1.28 billion, or $1.27 per common share, in the first six months of 2022 — up from a net loss of 82 million, or $0.08 per common share, in the previous year. Comparable EBITDA was mostly flat in the year-to-date period at $4.75 billion.

Shares of this cheap stock last had an RSI of 32, putting TC Energy just outside oversold levels. It possesses a favourable price-to-earnings ratio of 17. Better yet, this energy stock offers a quarterly dividend of $0.90 per share, which represents a tasty 6.5% yield.

One more cheap stock to snatch up right now

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is the third cheap stock I'd look to snatch up, as we approach the midway point in October. This is another renewable energy stock that is worth snatching up for the long haul. Its shares have dropped 19% so far in 2022. The stock is down 20% from the prior year.

This company released its Q2 fiscal 2022 results on August 11. Algonquin delivered revenue growth of 18% to $624 million. Meanwhile, adjusted EBITDA also jumped 18% to $289 million. Shares of this cheap stock last had an RSI of 21, which puts Algonquin in technically oversold territory. Moreover, it offers a quarterly distribution of $0.181 per share. That represents a very strong 6.7% yield.

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5. TSX:TRP (TC Energy Corporation)

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