3 Undervalued, Blue-Chip Companies I'd Buy Now Before a Rebound

Description

Blue-chip companies are a popular choice on the markets for those who look for value. These companies offer a long-standing history of growth while also providing a solid setup for the future. They tend to be the heavy hitters of their sector — household names the everyday Canadian likely has heard of.

Because of this, these are solid companies to invest in. And there are so many that are undervalued right now! But for me, I'm going to make three recommendations for undervalued blue-chip stocks that investors should consider right now. Not only will they likely provide you with passive-income protection during a recession but are likely to rebound quickly after it as well.

BCE

A top choice I'd consider right now and for the future is **BCE** (TSX:BCE). BCE stock is a Dividend Aristocrat with over 25 years of dividend increases behind it. The telecommunications company has been growing as well, with the fastest internet in Canada as of writing.

Furthermore, it rolled out its 5G and fibre-to-the-home network quickly. This brought on even more clients. BCE stock now holds about 60% of the market share in the telecom sector. However, shares recently dropped from news the **Rogers** and **Shaw** deal could go through.

Even if it does, BCE stock would still hold the market share, so I'm not worried. That just means you can pick it up for a steal trading in oversold territory at 19.25 times earnings and with a 6.14% dividend yield to boot.

CIBC

Another top choice is **Canadian Imperial Bank of Commerce** (TSX:CM) for those focused on fixed income. CIBC stock has the highest dividend yield of the Big Six banks, and being a bank means it has provisions for loan losses. This will help it get out of a recession with nary a scratch and continue to bring its dividend higher and higher.

CIBC stock has also gained attention for its customer service offerings, rebranding, and, of course, its stock split. It's now a cheap stock trading at just 8.19 times earnings, so you can lock up 6.16% dividend yield for this blue-chip stock.

Why not the other Big Six banks? The main reason is with CIBC, you get the biggest dividend for the lowest price, I mean that both in terms of fundamentals and actual cost at just $54.70 per share!

Canadian Tire

If you thought **Canadian Tire** (TSX:CTC.A) couldn't stand the test of time, it's still going strong 100 years on. The pandemic saw the retail company keep more of its items in stock, creating a huge e-commerce presence and curbside delivery that brought in more revenue than ever.

With the holidays upon us, Canadian Tire should also see a boost from more sales. This could prove good news in the new year, when other companies are struggling ahead of a recession. Trading at just 8.38 times earnings and with a dividend of 4.88%, it's simply too cheap to ignore much longer — especially with shares dropping by 19% year to date.

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2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)

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Date
2025/06/29
Date Created
2022/12/27
Author
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