Fire Sale: 2 Oversold TSX Stocks to Consider Today

Description

With the stock market beginning to trend higher again after a year of bearish swings, many Tax-Free Savings Account (TFSA) investors are likely feeling increasingly comfortable about putting their annual contribution ($6,500 this year) money to work. Though the bargains aren't as enticing as they were back in the depths of October, I'd still argue that investors are gaining a pretty decent entry point, as traditional valuation metrics (think the P/E multiple) across certain names skew towards the lower end of the historical range.

Of course, investors need to account for higher interest rates and the macroeconomic headwinds that could lie ahead. Regardless, I think markets are reasonably valued for new Canadian investors looking to put new money to work today.

Without further ado, let's have a look at two of the cheapest names in this market that are fresh off rough patches. Consider **TD Bank** (TSX:TD) and **Canada Goose Holdings** (TSX:GOOS).

TD Bank

Starting off the list, we have shares of Big Six Canadian banking behemoth TD Bank. Over the past few quarters, TD has been wheeling and dealing, scooping up the likes of First Horizons and Cowen. These two big moves bolster TD's U.S. and investment-banking businesses, respectively, at a time when valuations are quite modest.

As a recession approaches, banking earnings are expected to feel some pressure. Even if a recession proves mild, the big banks tend to feel the heat that accompanies a downturn. Fortunately, I think most of such pressures are already considered at today's share price. TD stock goes for 9.8 times trailing price-to-earnings. For such a capable bank that can overcome economic headwinds en route to normalized earnings growth, I think TD stock is one name that income-savvy investors should have a strong preference for.

Sure, the banks aren't spared from steep declines when things get really ugly. However, longer term, buying amid broader market volatility tends to be a wise move. You'll not only get shares at a single-digit price-to-earnings multiple, but you'll also get a bit more yield (currently at 4.2%).

Canada Goose Holdings

Canada Goose is a well-known outerwear brand that's found a spot with consumers both at home and aboard. Still, Canada Goose parkas are still incredibly expensive for most consumers. With parkas that retail for more than $1,000, one can only imagine the kind of sales pressure that a recession would bring.

Even in a mild recession, expensive parkas and jackets can experience a drastic slip in demand. Over the past two years, investors have already braced for a tougher economy. Tough quarters did the stock no favours.

Looking further out, Canada Goose is shooting to triple its sales in five years. That's an ambitious goal that entails doubling down on international expansion efforts.

Even with the recession ahead, Chief Executive Officer Dani Reiss sees the wind at his firm's back. With the worst of recession fears likely baked in, I think GOOS stock has the means to fly higher from here, as it continues to build on its brand strength. Further, as a luxury brand, Canada Goose can command higher margins and benefit from markets (like China) that are slated to enjoy a booming middle class.

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