3 Cheap Canadian Stocks With P/E Ratios of Less Than 10X

Description

We've enjoyed a magnificent rally since the start of the year, but don't think that it's too late to buy. You see, not all stocks have participated (to the full extent) in the collective sigh of relief we've had this year.

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There's still value out there, and you may not need to look too far for stocks trading at price-to-earnings (P/E) multiples that are on the low end of the historical range. Without further ado, consider **Bank of Montreal** (TSX:BMO), **Bank of Nova Scotia** (TSX:BNS), and **Leon's Furniture** (TSX:LNF) if you seek value in today's more optimistic market.

Bank of Montreal

Bank of Montreal is a blue-chip Canadian bank that felt the heat of last year's selloff. The stock fell by around 23% at its worst before posting a nice partial recovery in December. At writing, shares trade at 6.78 times trailing P/E, making it one of the lowest-cost options of the big bank stocks today. With a 4.22% dividend yield, BMO stock is also a very bountiful play for value-focused income investors.

Looking ahead, BMO is in a great spot to recover from a potential recession, as it continues its expansion into the U.S. market. Undoubtedly, the U.S. has been a major source of growth for the big Canadian banks. With some of the best managers in the business, look for BMO to continue delivering generous dividend hikes, as it looks to trim costs over at its recently acquired Bank of the West.

Bank of Nova Scotia

Sticking with the banks, we have Bank of Nova Scotia, which suffered a more than 31% implosion. Undoubtedly, the internationally focused bank was feeling the full force of macro headwinds. As you may know, emerging markets come with their own unique slates of risks. As headwinds keep rolling in, Bank of Nova Scotia's international risks may already be overblown by markets.

At writing, shares go for 9.25 times trailing P/E, with a 5.6% dividend yield. On a trailing P/E basis, BNS stock isn't the cheapest play. However, it is one of the highest yielding at this juncture. Further, the recent recovery gains could carry on over the coming months as a potential "double bottom" technical pattern looks to come to full fruition.

Leon's Furniture

Finally, we have Leon's Furniture, a Canadian furnishing retailer that's been under considerable pressure for around a year now. Indeed, there was a very sharp spike year to date. Thanks to an upbeat third quarter, a repurchase program, and more market optimism, LNF stock is now up over 15% year to date.

Indeed, it's hard to tell where Leon's will head from here, as a recession looks to weigh on demand. At 7.25 times trailing P/E, with a 3.22% dividend yield, I view Leon's as still one of the best deals in retail. Although big-ticket retail plays like Leon's could face the most upside in a market reversal, a longer-lasting recession could set the stage for a vicious reversal.

In any case, if you like the company and lack risk-on exposure, I view Leon's as a terrific value option for Canadians seeking post-recession upside potential.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BMO (Bank Of Montreal)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:LNF (Leon's Furniture Limited)

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