



Got \$1,000? The 2 Best Undervalued TSX Stocks to Buy Right Now

Description

Don't look now, but the market is up about 10% year to date. Canadian stocks are flying, as investors are showing their optimism towards the country's reopening this year.

The country still may still have a ways to go before being fully reopened, but the stock market is said to be forward looking. Investors believe that the worst is behind us, and there is a ton of pent-up consumer demand to help jump-start the economy.

Even though the **S&P/TSX Composite Index** is on absolute fire this year, there are still deals to be had on the **TSX**. To add to that, I also think the growth is just getting started. I wouldn't expect a growth rate of 10% per quarter to continue through the rest of the year, but I do think that the Canadian stock market has to potential to end 2021 with a gain far higher than 10%.

Here are two [undervalued stocks](#) you'll want to pick up shares of before prices really skyrocket.

Value stocks are making a comeback

The Canadian banks were some of the hard hardest-hit stocks during the COVID-19 market crash last year. The unexpected drop in interest rates saw some of the major banks lose more than 40% in value in barely over a month last spring.

Along with many other TSX stocks, the banks rebounded impressively well from the 2020 market crash. Still, the Big Five all ended the year trailing the Canadian market's returns.

The narrative for the banks, and many other [value stocks](#), has been far different this year. We've seen a recent rotation out of high-priced growth companies and into more value-oriented investments.

The return of value stocks has sent the banks flying this year. But after an incredibly strong two months, some investors may think that they have missed the boat on making gains from value stocks. For short-term traders, that very well may be the case, but for Foolish investors, the banks are still reasonably priced if you've got the time horizon to be a long-term holder.

As far as value plays go, I've got Canada's second-largest bank, **TD Bank** ([TSX:TD](#))([NYSE:TD](#)), at the top of my watch list today.

The bank's market-beating 15% growth this year is impressive, but it's not the main reason I'm interested in picking up shares. In addition to growth, the Canadian banks can provide long-term investors with much-needed stability in their portfolios and passive income, not to mention at a fair price.

At today's stock price, [Canadian investors](#) can pick up shares of TD Bank at a forward price-to-earnings (P/E) ratio of just over 10.

Enghouse Systems

The rotation out of [tech stocks](#) has created plenty of opportunistic buying opportunities for long-term investors. The sector still has no shortage of companies with sky-high valuations, but many of those companies are considerably cheaper today than they were coming into 2021.

Enghouse Systems ([TSX:ENGH](#)) is one tech stock that's had an interesting past 12 months. It fared particularly well compared to many of its peers during the COVID-19 market crash, dropping about 25% in value. It then went on a 100% run in barely over three months. After topping out in early July, though, the tech stock has struggled to regain any momentum.

At today's stock price, Enghouse Systems is trading more than 20% below all-time highs. It's been a tough six months for the tech company. Even so, shares are still up an impressive 125% over the past five years.

At a forward P/E ratio of 30, shares of Enghouse Systems are not cheap. But considering the stock is up 125% over the past five years and is a 10-bagger over the past decade, it's a reasonable price to pay for a growth stock.

CATEGORY

1. Bank Stocks
2. Investing
3. Tech Stocks

POST TAG

1. Bank stocks
2. canadian banks
3. Editor's Choice
4. ENGH
5. ENGH stock

6. enghouse systems
7. TD
8. TD Bank
9. tech
10. tech stocks
11. technology

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:ENGH (Enghouse Systems Ltd.)
3. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Bank Stocks
2. Investing
3. Tech Stocks

Tags

1. Bank stocks
2. canadian banks
3. Editor's Choice
4. ENGH
5. ENGH stock
6. enghouse systems
7. TD
8. TD Bank
9. tech
10. tech stocks
11. technology

Date

2025/08/13

Date Created

2021/04/13

Author

ndobroruka

default watermark