



## 3 Top Stocks That Could Soar in 2020

### Description

Certain sectors in the Canadian market have underperformed in 2019, which provides investors with an opportunity to buy some top-quality stocks at discounted prices heading into the coming year.

Let's take a look at three companies that are industry leaders and appear [cheap](#) today.

### Nutrien

**Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) is a giant in the global crop nutrients market. The company supplies potash, nitrogen, and phosphate to countries and growers around the world.

The fertilizer sector witnessed slump in recent years, but the turnaround is apparently afoot, which bodes well for Nutrien and its investors.

Potash demand, in particular, remains strong, with global shipments expected to hit a record in 2019.

Prices improved last year and continue to see strength. Traders are waiting for announcements on new wholesale deals with China and India to set the tone in the market for the coming quarters. Pundits are anticipating a modest price increase on potash contracts after a large jump last year.

Nutrien reduced earnings expectations for 2019 due to an unusually wet spring planting season in the United States. Despite the rough start to the year, however, the company still anticipates earnings to be US\$2.70-\$3.00 per share at writing compared to US\$2.69 in 2018.

Nutrien raised its [dividend](#) a few months ago and investors should see another hike in 2020.

Rising prices can result in strong margin improvements and Nutrien has the potential to be a cash-flow machine.

The stock trades at \$68 per share compared to the 2018 high around \$76. It wouldn't be a surprise to see Nutrien test \$100 in the next two years.

In the meantime, investors can pick up a 3.5% yield.

## Bank of Nova Scotia

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is betting big on emerging market growth, with a specific focus on the Pacific Alliance countries of Peru, Chile, Colombia, and Mexico.

Billions of dollars have gone into acquisitions in the four countries, and additional deals are expected as Bank of Nova Scotia increase its presence in these markets. It makes sense, as the more than 230 million people in the trade bloc are relatively under-banked compared to Canada.

As the middle-class expands and companies take advantage of the free-trade initiatives, Bank of Nova Scotia stands to benefit from rising demand for loans, investment products and cash management services.

The stock appears cheap at just 10.5 times trailing earnings and a move from the current price of \$71.50 back above \$80 next year is possible, especially if the United States and China can hammer out a trade deal.

This would remove concerns about an extended economic downturn and likely drive bank stocks higher.

## Suncor Energy

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) trades at \$39 per share, compared to its 2018 high around \$55. Oil prices have been under pressure in recent months amid concerns that a global recession could reduce demand.

An economic downturn could have an impact, but the market might not be fully pricing in some supply concerns, and it is possible we could see an oil rally through 2020.

The OPEC countries led by Saudi Arabia, in cooperation with a handful of non-OPEC producers, including Russia, have maintained their agreement to restrict supplies through the end of March next year.

In addition, Saudi Arabia is planning to list part of its massive government oil company, Aramco, on international stock markets in a bid to raise capital.

In order to ensure strong demand and a high valuation, the country will want to list when oil prices are strengthening. The country has the power to restrict supplies enough to move prices higher.

At the same time, Venezuela and Iran are hampered by U.S. sanctions, reducing key supplies to the global market.

Suncor has a strong track record of dividend growth. The current payout provides a 4.3% yield, so you get paid well to wait for the next oil surge. The stock could easily move back to \$55 on an oil rally.

## The bottom line

Nutrien, Bank of Nova Scotia, and Suncor all appear cheap today and could deliver big returns in the next 12-18 months. If you have some cash on the sidelines, these stocks deserve to be on your radar.

### CATEGORY

1. Bank Stocks
2. Energy Stocks
3. Investing

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1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:NTR (Nutrien)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:NTR (Nutrien)
6. TSX:SU (Suncor Energy Inc.)

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