Market Rally: Buy These TSX Stocks?

Description

The recent market rally has led to stocks trading higher over multiple sessions. As such, positive sentiments are slowly making their way back into the minds of investors.

Of course, with so much uncertainty still ahead, we could be in for more volatility. However, there are still top stocks that are looking like potential buys for long-term investors.

In particular, investors can look at sectors that have been badly beat up and capitalize on discounted prices. However, it's important to discern between temporary price drops and material changes to a stock's outlook.

Today, we'll look at two stocks that can offer long-term value to investors in this market rally. However, it will be vital to see what risks are at play with these stocks as well.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a household name for Canadian investors. Enbridge has long been a heavyweight when it comes to TSX blue-chip stocks that pay strong dividends.

However, it's no secret that the crash in the oil market could spell bad news for Enbridge. Sure, the company isn't a direct producer of oil, but it transports it. If its partners are transporting less oil or stop altogether, that's less business for Enbridge.

Now, it's assumed that oil markets can't continue on like this indefinitely. But even recent OPEC intervention had virtually no effect on the market.

Some analysts are calling for a rebound, but how long it takes could be a major factor. To bet on Enbridge in this market rally would be to bet on Canadian producers being able to stick through this for the long term. That's something that really takes some consideration.

To be fair, the rewards for investing in Enbridge are very rich at the moment. Investors can enjoy a whopping 7.72% yield, which is certainly mouth-watering for long-term investors.

If you believe in the long-term viability of Enbridge, the yield on offer is simply too good to pass up.

Shaw

Shaw Communications (TSX:SJR.B)(NYSE:SJR) is a quickly growing telecom player in Canada. It already has a strong foothold in western parts of the country, and has been enjoying success in Ontario with its Freedom Mobile phone services.

Sure, it isn't as large as the vaunted Big Three in Canada, but it's showing great growth numbers and is starting to trend up in this market rally. Analysts also have strong projections for its growth down the line.

However, Shaw will face stiff competition, as it tries to keep growing. So, it's important for investors to be wary that potential for growth doesn't always translate to actual growth.

Of course, the bigger players have more to lose with the upcoming mid-range price cuts. This could be a chance for Shaw to make more strides in the mobile phone space.

Like with Enbridge, Shaw is also offering a massive dividend yield in this market rally. As of writing, the yield stands at 7.3%.

Shaw presents investors with an opportunity to not only get great growth upside but also lock in a mammoth dividend yield.

Market rally strategy

If you're a long-term investor looking to secure sizeable dividend yields, Enbridge and Shaw have some of the best yields on offer. Both stocks face different challenges ahead, but the reward is there for investors willing to do the due diligence and understand the risks.

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2025/07/02
Date Created
2020/04/28
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