



TSX Rally: If You're Betting on a V-Shaped Recovery, Here Are 2 Stocks to Buy Now

Description

What a **TSX** rally we've had over the past few months. If you sold in May and went away, you're probably pretty unhappy with your results right about now. While a V-shaped economic recovery is unlikely, investors need to remember that the stock market is not the economy.

The stock market is looking far ahead, and with the unprecedented amount of fiscal and monetary stimulus, it appears that we've averted a Great Depression-like scenario and that an abrupt recovery may be a likelier case, although I'm sure Warren Buffett would disagree after his sombre tone at **Berkshire Hathaway's** latest annual shareholder's meeting.

In any case, if you're [bullish](#) on the timely arrival of a vaccine and believe that a sustained V-shaped recovery is in order, it may be time take a risk-on approach with some of the harder-hit areas of the **TSX Index**.

Without further ado, consider placing a bet on the following battered stocks that could allow you the most [significant returns](#) in the event of a V-shaped recovery:

SmartCentres REIT: A top REIT to buy for a TSX rally

The retail scene took a beating amid the coronavirus crisis. Shopping malls, like **SmartCentres REIT** ([TSX:SRU.UN](#)) and retail outlets have been largely deserted amid coronavirus-induced shutdowns.

Some of the bigger bears believe that the coronavirus will be the final nail in the coffin for the brick-and-mortar retailers of yesteryear, as e-commerce kingpins rise up and fulfill the demands of consumers in the stay-at-home economy.

As the risk of contracting COVID-19, the insidious disease caused by the coronavirus continues dropping over the coming weeks and months, I'd bet on a resurgence in traffic at retailers. Many Canadian consumers have been suffering from cabin fever.

As it becomes safer to go outside, I suspect a vast majority of Canadians will be with their friends hanging out at the local Smart Centre, whether for a haircut, a bite to eat or to pick up that big-ticket discretionary item that wouldn't make sense to purchase online.

SmartCentres REIT took a bit hit on the coronavirus, and as more evidence is suggestive that the shopping mall is not, in fact, dead, I suspect SRU.UN stock could be making a return to its pre-pandemic heights sooner rather than later.

Cenovus Energy: An energy rebound candidate that could soar on a V-shaped recovery

Up next, we have an energy stock that's been decimated amid the coronavirus. **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)) suffered a tremendous fall from grace, crashing over 81% from February 20 highs. That's an absurd decline that's overblown beyond proportion.

Today, the stock has nearly tripled in a partial recovery but remains significantly undervalued for those who see a V-shaped recovery.

As the economy bounces back, so too will the demand for oil. Negative oil prices were a shocker, but they're simply unsustainable. I also think that today's US\$30 or so West Texas Intermediate prices as unsustainable and think oil prices could be back at pre-pandemic levels as soon as year-end. Amid such an energy relief rally, I view Cenovus as one of the names that have the most to gain.

The stock is severely oversold, undervalued, and is nothing short of a bargain with the stock trading at 0.42 times book. While the name will undoubtedly be volatile, if you're looking to maximize your upside in a V-shaped recovery, Cenovus is the horse to bet on.

CATEGORY

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TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CVE (Cenovus Energy Inc.)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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