2 Timely TSX Stocks to Buy Right Now

Description

As the **TSX Index** inches closer to its pre-pandemic heights (it's now within 8% of all-time highs), now is as good a time as any to put your excess savings to work in the stock market, rather than having to settle for near-zero interest rates with cash and cash equivalents.

This piece will have a closer look at two timely stocks that I believe could soar at least 10% by year's end, as the economy inches closer towards normalcy. Of course, a second wave of coronavirus cases could tank the markets, but all things considered, the following value stocks still look to offer a compelling risk/reward trade-off at this market crossroads.

Without further ado, consider **Canadian Tire** (TSX:CTC.A) and **Canadian Utilities** (TSX:CU), two stocks that could correct to the upside should COVID-19 headwinds continue to fade heading into the latter part of what's been a rough 2020.

Canadian Tire

Canadian Tire is an iconic retailer that's held its own far better than most expected in the second quarter. Although the initial reaction to the company's Q2 results was negative, shares were quick to correct to the upside once investors had the opportunity to fully digest the results that were quite encouraging given the magnitude of disruption brought on by COVID-19 and meaningful progress made with its e-commerce platform, which saw sales soar 400%.

"With profound strength in e-commerce and what I thought was resilience amid the worst of the pandemic, I think Canadian Tire should have rallied and not sold off 6% post-earnings. I view the recent dip as nothing more than a buying opportunity for value investors looking for huge gains in the second half of 2020," I wrote in a prior piece, urging investors to buy the post-earnings dip.

Now that shares have bounced back to $130, the stock isn't the same steal it used to be, but I still think there's ample upside as quarter-over-quarter sales growth could be off-the-charts in the latter two quarters of this year if all goes according to plan with the economy's continued phase-based reopening.

Canadian Utilities

Canadian Utilities is a boring regulated utility play that likely took on too much damage during the February-March sell-off. Today, shares are still off over 22% from their pre-pandemic highs thanks in part to the COVID-19 impact and higher corporate costs that weighed on the company's second quarter.

After the COVID-19 plunge, shares of CU are close to the cheapest they've been in a long time. At the time of writing, the stock trades at 2.66 times sales, 1.75 times book, 5.46 times cash flow, and 9.65 times EV/EBITDA, all of which are considerably lower than the stock's five-year historical average multiples of 2.76, 2.02, 7.60, and 11.05, respectively. The dividend yield is also slightly higher than during normalized conditions, currently at 5.3%.

The dividend is ridiculously well-covered, and as the company looks to grow its asset base beyond the confines of Alberta, I think CU stock won't remain this depressed for very long and would encourage income-oriented value investors to consider initiating a position today.

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TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)
2. TSX:CU (Canadian Utilities Limited)

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