Got $1,000? These 3 TSX Stocks Could Soar in a Post-Pandemic World

Description

The COVID-19 pandemic has significantly hurt individuals and businesses alike, throwing global economies into chaos. While few stocks on the TSX have staged a comeback, several others continue to trade at lower valuations. The ongoing pandemic is a near-term headwind, which means stocks and indexes will reach new heights when the economy rebounds.

Analysts and economists expect consumer spending to gain momentum once the world reopens and normalcy resumes. Here are three beaten-down stocks on the TSX that should be on your radar, as they are bound to regain lost ground in a post-pandemic world.

Air Canada has significant upside potential

Shares of Canada's largest airline **Air Canada** (TSX:AC) are trading at $18.1, which is 65.6% below its record high. Air Canada was one of the top-performing stocks in the last decade when it gained a staggering 3,500%.

However, once the pandemic struck, airline stocks were invariably some of the worst-performing stocks on the market. As flights were grounded and international travel came to a standstill, the capital-intensive airline sector came under the scanner.

Air Canada sales slumped close to 90% year over year in the second quarter of 2020, while its loss rose stood at $1.75 billion. Investors are worried about the high debt levels and interest expense at a time when revenues are plummeting.

However, on the flip-side, Air Canada has a strong balance sheet and enough liquidity to help it through the downturn. Travel restrictions will ease in the coming months, and air traffic should experience an uptick by the end of 2020.

While air traffic might reach pre-pandemic levels by 2023, Air Canada stock can gain multi-fold given its huge market presence in Canada and focus on operational efficiency.

An integrated oil heavyweight

Oil companies such as **Suncor Energy** (TSX:SU)(NYSE:SU) have taken a beating in 2020. First, the pandemic ensured demand remains tepid in the near term. The oil industry's oversupply issues were then exacerbated due to the price war between Saudi Arabia and Russia.

Suncor stock fell from $45 per share to a multi-year low of $14 per share. While the stock has recovered partially to currently trade at $20.8, it has significant upside potential if oil prices recover.

Another reason to be bullish on Suncor is Warren Buffett-owned **Berkshire Hathaway** increased its position in the Canadian energy giant. According to Berkshire's latest 13F filings, the company increased its stake in Suncor from 14.94 million shares at the end of Q1 to 19.94 million shares at the end of Q2.

Prior to COVID-19 Suncor's diversified asset base allowed the company to increase dividends for 18 consecutive years. It increased dividends by 10.7% in February before cutting it by 55% a month later.

Suncor aims to increase liquidity as the near-term volatility is bound to impact the company's cash-generating ability. However, Suncor's cheap valuation, huge domestic presence, and diversified asset base make the stock a winning bet for a coronavirus-free world.

A luxury retail stock

The third stock on the list is **Canada Goose** (TSX:GOOS)(NYSE:GOOS) one of the world's top luxury retail brands. Canada Goose stock is down 60% from record highs, and, similar to other stocks, it has partially recovered in the last few months.

Retail was another sector that was hit hard by the pandemic. As Canada Goose stores were shut, its stock touched a multi-year low in March 2020. However, GOOS has gained a loyal customer base in China, which is the company's fastest-growing market.

China is now reopening its economy, and this might benefit Canada Goose stock. It should also offset part of its revenue decline via e-commerce or DTC sales in the upcoming quarters.

The company's solid brand recognition, impressive gross margins, and potential for international growth should drive Canada Goose stock higher in the next decade.

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Date
2025/09/11
Date Created
2020/09/04
Author
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