



2 Top TSX Stocks to Buy Now for a 2021 Recovery

Description

Today, let's revisit two sectors that could undergo a sea change in the coming months. These two areas could see a bit of extra frothiness in the near term, with both opportunities and pitfalls aplenty. The two areas that we're going to take a quick look at are insurance and telecommunications. These two sectors stand out right now for a couple of reasons, which we'll go through below.

Are insurance stocks good buys right now?

A word of caution: next time a major global catastrophe looms, maybe don't lean into insurance stocks. Just, you know, putting that out there. Insurance was one of the hardest-hit areas of the TSX during the pandemic. While some names have since seen a recovery, at one point the losses were astronomical.

The pain felt by blue-chip insurance names such as **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)) blindsided a lot of investors. In retrospect, it makes sense that a glut of force majeure snarl-ups might not play nicely with a pandemic-hit insurance sector.

The signs are looking good for Manulife, though. Look at how it performed this week, for instance. While some of the biggest names in stocks wobbled, Manulife remained flat. That might not be terribly exciting, but Manulife's share price was resilient in one of the worst weeks since the March selloff. That's significant, and it bodes well for a potential recovery in 2021. Meanwhile, it's nicely priced and offers a rich 6% dividend yield.

Could this next stock be the MVP of 2021?

The other area we'll take a look at today is Canadian telecommunications. This space has been hit by the pandemic of a couple of fronts. Roaming charges are down, as quarantined communities stayed home. Advertising revenue was also down, hitting media-weighted telcos. And for **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)), side-lined sports teams added to the pain. But this latter name could be [heading for a bounce](#).

Last week, I wrote on the topic of the **Cogeco** takeover bid: "Investors may want to wait for the dust to settle before going long on any of the above mentioned stocks. However, the Canadian telco space is potentially on the precipice of some big changes, meaning that additional disruptive momentum could be forthcoming."

A clearer picture is emerging, though, of an offer that can't be refused. While this isn't exactly Godfather territory, the fact is that market shares in Canadian telcos are [very finely balanced](#). It's been this way for some time, with **Telus**, **BCE**, and Rogers holding nearly equal control over this sector. That could be about to change fundamentally. Rogers could therefore emerge as the controlling business in the telco space.

It's time to write off 2020, therefore, and start investing in knocked-down shares that could bounce back in 2021. Analysts have long predicted a switch from growth investing to value investing. Next year looks ripe for a recovery, making this fall an excellent time to adjust a portfolio accordingly. Manulife and Rogers could make the perfect tag team for a mix of income and share price improvement.

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1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:MFC (Manulife Financial Corporation)
4. TSX:RCI.B (Rogers Communications Inc.)

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