



Forget Market Crashes: Stocks Could See One of the Greatest Years in 2021

Description

The doomsayers have been warning about an impending market crash for the last several months. However, the **TSX Composite Index** has soared 50%, while the **S&P 500** is up more than 65% since March. More importantly, the stock markets could still have some steam left.

What market crash?

The third-quarter 2020 earnings showcased a remarkable recovery compared to earlier quarterly results this year. The earnings recovery could well continue in 2021, which will look significantly taller compared to pandemic-dominated quarters this year. Despite the recent rally, **TSX** stocks at large do not look extensively overvalued. Thus, cheaply valued stocks and an expected earnings recovery should be a perfect recipe for handsome gains.

Last week, we saw a little preview of how investor sentiment can change vaccine launch hopes. A quicker-than-expected vaccine launch will certainly speed up the recovery. Even if the mass distribution will likely take time, the vaccine in sight could be the beginning of the pandemic's end, which should bring in the much-needed confidence in the corporate sector and help restart the investment cycle.

While the S&P 500 is currently trading at its all-time highs, the **TSX Composite Index** is still roughly 6% away from its peaks. Additionally, Canadian stocks are way undervalued compared to their south of the border peers.

TSX stocks: Top recovery plays for 2021

Investors should note that only a few constituents pushed the index higher recently. Some Canadian giants are still trading 40%-50% lower than their pre-pandemic levels.

One of them is the integrated energy titan **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). What makes it a compelling investment right now is its discounted valuation and reliable dividends. It produces, refines,

and markets crude oil, making it a strong name in the Canadian energy space. While many global energy giants are cutting back on spending, Suncor Energy has maintained its capital expenditure.

Market participants are underestimating its recovery potential as it belongs to the despised energy sector. However, its [strong balance sheet](#) and operational efficiency make it one of the greatest recovery plays for 2021. Even if Suncor Energy stock manages to reach its pre-pandemic levels, that's a massive 140% gain.

Another TSX stock to bet on the post-pandemic recovery is the top consumer lender **goeasy** ([TSX:GSY](#)). As economies re-opened in the third quarter, goeasy witnessed strong growth in [loan originations](#).

It's encouraging to see the company's recovery when the economies were partially reopened. How aggressively it grows in the post-pandemic environment will be interesting to see.

The company's per-share earnings have seen a compounded annual growth rate of 24% in the last 20 years. Despite its recent surge, goeasy stock is trading at an attractive valuation. Strong expected earnings growth at a cheaper valuation makes it a strong proposition for long-term investors.

GSY stock has surged more than 300% since its pandemic lows in March. I think the stock will likely continue to soar higher, mainly because of its appealing valuation.

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2. TSX:GSY (goeasy Ltd.)
3. TSX:SU (Suncor Energy Inc.)

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Date

2025/08/14

Date Created

2020/11/17

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