Stocks Offering a 50-60% Discount: Where to Invest $1,000

Description

The recovery in the stock market was one of the fastest that I have ever seen. While most TSX stocks recouped their losses, a few failed to participate in the rally and can be bought at a discount of over 50-60% from their pre-pandemic levels.

While an uncertain economic trajectory and low demand restricted the recovery in a few stocks, the uptick in economic activities and a medical breakthrough in coronavirus treatment could lead to a significant rebound in these beaten-down names.

So, if you've got $1,000 to invest, consider buying these TSX stocks trading at considerable discounts to benefit from the recovery.

The beaten-down energy stock is offering a discount over 51%

Pfizer's and **Moderna's** positive commentary over the potential COVID-19 vaccine candidate gave a meaningful boost to the beaten-down energy stocks. Despite the recent buying, **Suncor Energy** (TSX:SU)(NYSE:SU) is still down over 51% year to date and presents an excellent opportunity to benefit from the recovery in demand and its stock price.

Suncor Energy has already started to witness a gradual improvement in its quarterly financial performance, thanks to the uptick in economic activities following the unlocking measures. Its operating loss narrowed significantly on a sequential basis. Moreover, its funds from operations also marked strong growth on a quarter-over-quarter basis.

The demand for crude is likely to show a gradual improvement over time. Meanwhile, the pressure on its bottom line is expected to ease a bit, thanks to the reopening of the economy, recovery in India and China, and lower operating costs.

While near-term challenges could continue to play spoilsport, Suncor Energy's integrated business, long-life assets, and production shift towards higher-value synthetic crude oil barrels should help the company navigate the current crisis.

Besides offering good value, Suncor stock also pays a quarterly dividend of $0.21 per share, reflecting a decent dividend yield of 4.2%.

Canada's largest airline company

Like Suncor Energy, shares of the ailing passenger airline company **Air Canada** (TSX:AC) also witnessed a fair amount of buying in the recent past owing to the positive development over the COVID-19 vaccine. However, Air Canada stock has lost a significant value and is still down about 57% year to date, making it a top recovery play.

While passenger volumes showed a sequential improvement, it continues to remain very low, affecting the top and bottom line of Air Canada. However, its net cash burn rate showed a sharp improvement in Q3, which is impressive. The airline posted a net cash burn of $9 million per day in Q3, which was way better than management's expectations of $15 million to $17 million per day. Also, it reported a significant improvement in operating costs.

Air Canada's volumes and capacity are likely to remain low in the short term owing to the negative passenger sentiments amid a continued increase in COVID-19 infections and international border closures. However, a vaccine could significantly lift Air Canada's prospects and support the rally in its stock.

However, you need to be patient with Air Canada to gain big from the recovery, as its stock could remain highly volatile in the near term.

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1. Coronavirus
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2. TSX:AC (Air Canada)
3. TSX:SU (Suncor Energy Inc.)

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snahata