



TFSA Investor: 2 Rising Stocks to Own in 2021

Description

TFSA investors are starting to search for the best stocks to buy for their portfolios in 2021.

TFSA limit increase 2021

The TFSA contribution limit increase in 2021 will be \$6,000. This gives investors extra room to put hard-earned savings to work in new stocks.

The rally off the 2020 lows already wiped out a good number of the best deals heading into next year. However, some stocks that surged in recent months might be in the early innings of a major recovery that could run through 2021 and beyond.

Is Teck Resources stock a good TFSA buy?

Teck Resources ([TSX:TECK.B](#))([NYSE:TECK](#)) is a leading producer of steelmaking coal, copper, and zinc.

The stock fell earlier this year amid the broad-base sell-off in commodity stocks. While most of the market focused on the boom in tech companies that benefitted from lockdowns in 2020, the shift to commodities could be the story in 2021.

In fact, there is evidence the move has already started, and given the sharp rise in the price of copper, Teck Resources might still be heavily oversold.

At the time of writing, copper trades near US\$3.40 per pound. That's a seven-year high. With governments around the world ramping up fiscal programs to boost their economies, copper looks to extend the gains over the next couple of years.

Zinc prices also rose significantly off the 2020 lows.

On the steelmaking coal side of the business, China is the big story heading into 2021. Teck recently

provided a [steelmaking coal update](#) that indicated sales to China increased for Q4 2020 in response to higher demand. Teck maintained its met coal sales guidance for Q4 with about 20% of the total headed to China.

Finally, Teck is a partner in the Fort Hills oil sands project. WTI oil is now back to US\$45 per barrel. Volatility is expected in the near term, but many analysts see oil prices drifting higher through 2021.

Teck Resources is a low-cost producer in its core businesses. When commodity prices rise, the company becomes a cash machine. The balance sheet is in good shape, and Teck has ample access to liquidity.

TFSA investors can buy the stock near \$20 per share right now. A surge to \$30 in 2021 wouldn't be a surprise.

Should Suncor stock be on your buy list now?

Suncor ([TSX:SU](#))([NYSE:SU](#)) is one of Teck's partners on the Fort Hills project. The company is Canada's largest integrated energy company with production, refining, and retail business units. The crash in global fuel demand in 2020 hit all three groups, but the story should be better in the back half of 2021.

Several major drug companies recently announced very successful COVID vaccine trial results. Approvals are expected to occur in the coming weeks, and vaccinations will increase in scope through next year. Once international travel restrictions start to lift, [airline capacity](#) should ramp up and that bodes well for jet fuel demand. At the same time, commuters will begin to return to the office in the spring or summer, driving up demand for gasoline.

Suncor trades near \$21 per share. That's off the \$15 low in late October but still way down from the 2020 high around \$45. The near-term outlook is a bit shaky, so TFSA investors who buy now need to have some patience. However, Suncor should catch a tailwind at some point next year, and you'll get paid a decent 4% [dividend](#) yield.

A move to \$30 or \$35 per share is certainly possible in 2021 if the oil bulls prove to be correct.

The bottom line

Teck and Suncor still look oversold right now and could deliver big capital gains for TFSA investors in 2021. Deals are harder to find in the **TSX Index** today, but there are still attractive opportunities in some sectors.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)

2. NYSE:TECK (Teck Resources Limited)
3. TSX:SU (Suncor Energy Inc.)
4. TSX:TECK.B (Teck Resources Limited)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Metals and Mining Stocks

Date

2025/08/29

Date Created

2020/12/01

Author

aswalker

default watermark

default watermark