



3 Cheap TSX Stocks I'd Buy for the 2021 Bull Run

Description

Canadian equity markets have made a robust recovery after bottoming out in March, with the **S&P/TSX Composite Index** rising over 55% and is trading just 3.4% lower from its all-time high. The strong upward momentum could continue next year, driven by the pent-up demand as the vaccine's availability inches closer. Goldman Sachs projects the global real gross domestic product (GDP) to grow by 6% next year.

Meanwhile, the pandemic took a severe toll on some of the Canadian stocks. Despite the last month's recovery, these companies are trading at a discount and are offering excellent buying opportunities for long-term investors. So, here are the three **TSX** stocks that you should buy for higher returns during the 2021 bull run.

Air Canada

Amid the pandemic, the governments worldwide had imposed travel restrictions, severely impacting the passenger airline industry, including **Air Canada** ([TSX:AC](#)). With several of its aircraft grounded, Air Canada's passenger volumes fell 96% and 88% in the second and [third quarters](#) on a year-over-year basis. It incurred net losses of \$2.45 billion and burnt \$2.54 billion of cash during the same period.

Meanwhile, the buying in Air Canada's stock has been returning slowly amid the vaccine hope, with its stock price rising over 75% since the beginning of November. The vaccine could prompt the governments to ease restrictions, potentially boosting its lucrative international travel. Further, Air Canada has taken several initiatives to lower its expenses and cash burn, which is encouraging.

Although it could take a couple of years for the passenger demand to reach its pre-pandemic levels, Air Canada, a market leader, could bounce back more quickly. Despite the recent surge, Air Canada is still trading over 45% lower for this year, proving an [excellent buying opportunity for long-term investors](#).

Enbridge

The oil prices have surged since **Pfizer** made the encouraging announcement on the vaccine on November 9, as investors grew optimistic about life and business returning to pre-pandemic ways. The surge in oil prices has brought some relief to the energy sector, including **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), which rose over 13% since the beginning of November.

The rise in oil prices could boost its liquid mainline throughput driving its financials. Further, Enbridge continues to make advancements with its \$11 billion secured growth projects, with approximately \$5 billion left to spend by 2022.

The company's management hopes that these projects and organic growth within its various segments to generate 5-7% DCF-per-share annual growth until 2022. So, the company's growth prospects look healthy.

Besides, at 7.8%, Enbridge's dividend yield looks attractive. Given its stable cash flows and healthy liquidity position, its dividends are safe. The company has consistently hiked its dividends for the past 25 years at a compound annual growth rate (CAGR) of 11%.

Cineplex

The pandemic-infused lockdown and the following restrictions have weighed heavily on **Cineplex's** ([TSX:CGX](#)) financials. The company, which owns and operates 164 theatres across Canada, has incurred net losses of \$98.9 million and \$121.2 million in the second and third quarters. Its high cash burn and rising debt levels are also a cause of concern.

Cineplex has currently opened all its 164 theaters but operates them at a limited capacity, as per the local government restrictions. Meanwhile, the vaccine could increase customer footfalls and also aid the company to operate at full capacity. Further, many distributors have shifted the release dates of major movies to next year, which could contribute to the next year's increased footfalls.

Cineplex has also taken several initiatives to reduce its expenses and cash burn, which is encouraging. Its valuation also looks attractive, with its forward price-to-earnings standing at 17.4.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:AC (Air Canada)
3. TSX:CGX (Cineplex Inc.)
4. TSX:ENB (Enbridge Inc.)

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Author

rnanjapla

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