5 Top Canadian Stocks to Buy for the New Year

Description

Investors are searching for top Canadian stocks to buy for their RRSP and TFSA portfolios for 2021.

Top stocks to buy in 2021

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The market rebound off the March lows eliminated many of the great deals we saw in 2020, but some top Canadian stocks still trade at cheap prices and could catch up to the rest of the market in 2021.

Investors should consider sectors that fell out of favour during the pandemic. For example, energy, pipeline, telecom, commodity, and real estate stocks could all deliver big gains, as fiscal stimulus picks up speed and the global economy gets back on track.

Is Suncor stock a top buy for 2021?

Suncor (TSX:SU)(NYSE:SU) trades near $22 per share at the time of writing compared to $45 in January. The pandemic lockdowns and travel restrictions hammered fuel demand and sent oil prices plunging. This hit all three of Suncor's business units and resulted in a 55% cut to the dividend.

Suncor's oil production division has an operating break-even level of roughly US$35 per barrel for WTI oil. The current WTI price is close to US$48, so Suncor's upstream operations should generate decent margins entering the new year. Oil demand will improve through 2021 and the oil market outlook from several sources puts the average 2021 WTI price close to its current level.

Suncor's refineries and gas stations should see improved demand and higher revenue as fuel usage ramps up in the coming year. Suncor stock appears cheap right now. A move to $30 in 2021 wouldn't be a surprise.

Why is Enbridge a top stock to own now?

Enbridge (TSX:ENB)(NYSE:ENB) doesn’t produce oil or natural gas. It simply moves the product between energy companies and their customers and takes a fee for providing the service. Pipelines are expensive to build, but once they are in the ground and up and running, they operate like toll booths. Existing infrastructure is becoming more valuable due to the challenges of getting new major pipelines approved and built.

Global oil demand is expected to grow for decades and natural gas has a bright future. Enbridge just raised the dividend, and investors should see distribution hikes of 5-7% per year in the medium term. The stock appears oversold at $41 and provides a solid 8% dividend yield. Enbridge stock could easily top $50 next year.

Should BCE stock be a top 2021 pick?

BCE (TSX:BCE)(NYSE:BCE) continues to invest in network upgrades to bring customers the broadband they need. This also protects its wide competitive moat.

The pandemic saw the media division take a hit. Empty arenas for the sports teams and reduced advertising on the TV network and radio stations will linger into 2021. Roaming fees also took a hit, as people worked from home and didn’t travel to visit clients or relatives based in other countries.

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The downturn should be temporary. In the meantime, investors have a chance to buy BCE stock at a reasonable price and can pick up a 6% dividend yield. The shares trade near $55 at the time of writing. BCE could drift back to the 2020 high around $65 by the end of next year.

Could Teck Resources stock soar in 2021?

Teck Resources (TSX:TECK.B)(NYSE:TECK) is one of those cyclical stocks that you want to buy near the bottom and exit when the party hits its feverish peak. The company produces copper, zinc, and steelmaking coal. The base metals are already on a roll, as the market prepares for unprecedented fiscal stimulus in the next couple of years. Steel demand should follow and that bodes well for Teck’s largest division.

The stock already doubled since April, but more upside should be on the way in 2021. Teck trades close to $23 right now. Investors could see it move above $30 next year and toward $40 by the end of 2022.

Is Brookfield Asset Management a top Canadian stock to buy now?

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is a global giant in the alternative asset management sector. The company invests its own money and that of institutional clients in the areas of real estate, infrastructure, and renewable energy.

Low interest rates and negative bond yields on government debt look set to remain for some time. This should bump up valuations on the assets Brookfield Asset Management owns, as investors seek out reliable returns that beat fixed-income rates.

The pandemic put the property assets in a tough spot. Office towers and hotels are in trouble, shopping malls are losing tenants, and students are studying from home rather than living in residences near their schools. The situation should reverse in the next couple of years and Brookfield Asset Management will likely take advantage of the near-term carnage to add strategic assets at discounted prices.

The stock rallied in the past couple of months from $40 to the current price around $53. Additional momentum should be on the way in 2021.

The bottom line

These companies are all industry leaders. An equal investment across the five would provide solid dividends and a shot at some big gains in 2021. The **TSX Index** is home to many top stocks that appear attractive right now for a balanced RRSP or TFSA portfolio.

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2. NYSE:BN (Brookfield Corporation)
3. NYSE:ENB (Enbridge Inc.)
4. NYSE:SU (Suncor Energy Inc.)
5. NYSE:TECK (Teck Resources Limited)
6. TSX:BCE (BCE Inc.)
7. TSX:BN (Brookfield)
8. TSX:ENB (Enbridge Inc.)
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10. TSX:TECK.B (Teck Resources Limited)

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