



## Got \$4,000 to Invest in a TFSA? I'd Buy These 2 Cheap Stocks Now

### Description

TFSA investors with some cash on the sidelines want to know which stocks might be good buys in 2021.

### Stock market trend in 2021

The pandemic hammered commodity stocks in 2020. In addition, boring, old [dividend stocks](#) took a backseat to work-at-home tech darlings.

Now that COVID vaccine rollouts have begun, there is a good chance the market could see a major rotation in 2021. Investors should brace for the euphoria bubble to pop in some of the overbought tech names, especially once vaccines become available to the broader public and people start heading back to offices.

Cash might then flow to commodity picks that benefit from a continued weakening of the U.S. dollar. Aggressive stimulus programs anticipated in China, the United States, and Europe should provide additional support.

Low interest rates will persist through 2021. This should attract money to reliable dividend stocks with above-average yields.

### Is Nutrien stock a good TFSA buy for 2021?

**Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) is the planet's largest supplier of potash. The company also produces nitrogen and phosphate. The three products, known as crop nutrients, help global growers get better yields from their farms.

Fertilizer prices go through cycles and Nutrien's stock follows the trend. Low prices, negative weather patterns, and international trade spats all converged to pummel Nutrien's margins and profits in 2019. The pandemic made the situation worse in early 2020.

Nutrien's share price fell from \$72 in March of 2019 to a market-crash low of \$40 in March 2020. Since then, the share price has recovered ground on the back of anticipated higher demand for its product heading into next year.

Surging crop prices in 2020 have led to bumper profits for farmers. This should increase acreage planted in 2021 and subsequently boost [fertilizer demand](#). Potash sales, in particular, are expected to hit a record next year.

Analysts say potash prices should move higher in each of the next three years.

At the time of writing, Nutrien trades near \$60 per share. TFSA investors who buy now can pick up a 3.8% dividend yield. It wouldn't be a surprise to see Nutrien climb back to \$72 per share in 2021.

## Should Enbridge stock be on your TFSA buy list?

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is an energy infrastructure giant. The company moves 25% of the [oil](#) produced in Canada and the U.S. and 20% of the natural gas used in the United States.

COVID lockdowns and travel restrictions hammered global fuel demand in 2020. The recovery will be slow in the first half of 2021, but should pick up through the end of next year. The IEA expects 2021 gasoline demand to effectively return to 2019 levels. Jet fuel will take longer to recover.

Enbridge delivered solid 2020 results, despite the drop in throughput on its core oil pipelines. The gas transmission system, gas storage facilities, natural gas utilities and renewable energy assets helped offset the revenue drop in the oil pipeline business.

The board just raised the dividend and Enbridge expects its portfolio of capital projects to support 5-7% ongoing annual increases to distributable cash flow. Dividend hikes should continue along the same pattern.

Enbridge traded at \$57 per share in early 2020. At the time of writing, TFSA investors can buy the stock for \$41 and secure a dividend yield of 8%. In an era of low interest rates where GICs only pay 1%, Enbridge stock appears attractive for TFSA income.

## The bottom line

Nutrien and Enbridge appear cheap right now and should deliver strong returns in 2021. If you have some TFSA money to invest, these stocks deserve to be on your radar.

The **TSX Index** is home to a number of top stocks that appear oversold today and could soar next year.

### CATEGORY

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:NTR (Nutrien)
3. TSX:ENB (Enbridge Inc.)
4. TSX:NTR (Nutrien)

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