



2021: The 2 Best Canadian Stocks to Buy Right Now

Description

The expected economic rebound, improvement in demand, and corporate earnings returning to growth due to the large-scale vaccine distribution are likely to drive TSX stocks higher in 2021. Here are two top Canadian stocks that could benefit the most from the acceleration in demand in 2021.

goeasy

Canadian lenders could gain big from the uptick in economic activities and credit growth. While top Canadian banks are likely to be the key beneficiary of the rebound in consumer demand, **goeasy** ([TSX:GSY](#)) remains well positioned to [outperform its rivals](#) in 2021.

The subprime lender could witness acceleration in loan originations, which is likely to support its top- and bottom-line growth. goeasy's wide variety of financial products, geographical expansion, and broadening of its distribution channels position it well to scale its loan portfolio.

With the reopening of the economy, goeasy is witnessing an increase in consumer demand, which is driving its overall loan portfolio. Moreover, it continues to see positive consumer payment trends. Further, goeasy's strong balance sheet, large and underserved non-prime consumer credit market, and anticipated cost savings provide a strong base for growth in 2021.

goeasy has delivered profitable growth in the past 18 years, with its earnings growing at a strong double-digit rate. Notably, goeasy has reported positive EPS in the last 77 quarters. Moreover, its EPS has grown at a compound annual growth rate of 23.8% since 2001.

Thanks to its high-quality earnings base, it has consistently boosted its shareholders' returns through higher dividend payments. Overall, goeasy is likely to deliver stellar gains in 2021 as the economy continues to expand. Meanwhile, investors could expect the company to announce its seventh consecutive dividend hike. Currently, it offers a healthy dividend yield of 1.7%.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) could be a top [recovery play](#), as an increase in crude oil prices amid a gradual uptick in demand is likely to give a significant boost to the company. Crude oil prices have shown a healthy recovery in the past couple of months, thanks to the economic reopening.

Oil prices could trend higher in 2021, reflecting increased economic activity and normalization in demand. Moreover, Suncor Energy, with its low-cost base and integrated business model, remains well positioned to report improved financial performance on a year-over-year basis. Suncor's operating loss is likely to diminish, while its funds from operations could show improvement.

The energy giant is also expected to boost its shareholders' returns through continued dividend payments. Suncor currently offers a decent dividend yield of 3.6%.

However, investors should note that it could be a bumpy ride for Suncor Energy stock in the near term, as COVID-19 cases continue to spread. Extensive global crude inventories could further put upward pricing pressure on crude oil.

Bottom line

I believe the recovery in demand, especially in the second half of 2021, could provide a strong underpinning for growth. Despite the near-term challenges, both goeasy and Suncor are likely to report improved financials and deliver stellar returns in 2021. Besides capital appreciation, investors could benefit from continued dividend payments.

CATEGORY

1. Bank Stocks
2. Coronavirus
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2. TSX:GSY (goeasy Ltd.)
3. TSX:SU (Suncor Energy Inc.)

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