5 Under-$50 TSX Stocks to Outshine in 2021

Description

The ongoing vaccinations, expected economic expansion, and recovery in consumer demand lay the foundation for strong growth in equities for 2021. As I remain upbeat on economic recovery, here are my top five bets that could deliver strong returns and outperform the benchmark index by a significant margin. Furthermore, these TSX-listed stocks are trading below $50, implying investors with smaller dollar amounts could invest in them and generate stellar returns.

Dye & Durham

Dye & Durham (TSX:DND) stock has corrected by about 23.5% this year, presenting an excellent opportunity for investors to invest in this high-growth company. I believe the reopening of the courthouses is likely to drive demand for Dye & Durham's products and services. Meanwhile, its recent acquisitions could accelerate its revenue and adjusted EBITDA growth.

Notably, Dye & Durham projects more than 100% growth in its adjusted EBITDA for FY21 and FY22, which could act as strong support for its stock. Also, its geographical expansion and accretive acquisitions could continue to bolster its growth rate and help the company deliver robust returns.

Suncor Energy

The economic expansion and recovery in energy demand have led to a healthy recovery in crude oil prices and, in turn, **Suncor Energy** (TSX:SU)(NYSE:SU) stock. I believe the oil prices could continue to trend higher in 2021, despite the upward pricing pressure, which is likely to drive Suncor's revenues and profitability.

So far, its stock has already risen by 31.6%, and I expect the uptrend to sustain for the rest of the year. Suncor's integrated business model, improved volumes and pricing, and lower cost base augur well for future growth. Suncor Energy is also expected to boost investors' returns through share buybacks and dividend payments.

Cineplex

Cineplex (TSX:CGX) stock is witnessing strong buying on hopes of a recovery in demand. It's up about 53.4% year to date, and the rally could sustain in the coming quarters on the back of increased attendance and improvement in revenues.

Notably, the ongoing vaccination and easing lockdown measures are likely to drive Cineplex's revenues and margins. Cineplex's theatres and entertainment venues could open soon, providing a solid base for growth. Further, its stock is trading at a significant discount, implying that investors could go long at this current price level.

Air Canada

Air Canada (TSX:AC) stock has increased by about 28% in one month on hopes of a recovery in air travel demand. I believe the widespread vaccination and reopening of international borders could significantly boost Air Canada stock.

I expect air travel demand to improve sequentially. Meanwhile, increased capacity, momentum in the air cargo business, and lower cost base position it well to deliver strong financial results in the coming quarters. Barring near-term challenges, I expect Air Canada's cash burn rate to decline. At the same time, its bottom line could see sequential improvement.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) stock could deliver strong returns on the back of a recovery in energy demand. The company expects increased volumes and higher average pricing to drive its revenues and earnings in the coming quarters.

Besides improvement in demand, Pembina's contractual arrangements and secured projects are expected to support its revenues and cash flows and, in turn, its dividend payouts. Pembina offers a high yield of 6.9%, which is safe. Moreover, Pembina is expected to boost investors' returns through higher dividend payments in the future.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Tech Stocks

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:AC (Air Canada)

4. TSX:CGX (Cineplex Inc.)
5. TSX:DND (Dye & Durham Limited)
6. TSX:PPL (Pembina Pipeline Corporation)
7. TSX:SU (Suncor Energy Inc.)

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