3 TSX Stocks to Invest $3,000 in Right Now

Description

The resurgent virus is playing spoilsport and delaying the recovery in sectors hit hard by the pandemic. Notably, shares of the Canadian companies that witnessed strong buying in the recent past on hopes of a revival in demand and reopening of the economy have lost a decent amount of value in the past few days.

While challenges persist in the near term, I believe investors with a long-term outlook shouldn't worry much and continue to buy the dip. We'll focus on three such top recovery bets that have recently reversed some of their gains but could deliver strong returns in the long run.

Air Canada

Air Canada (TSX:AC) stock is up about 62% in six months on hopes of a revival in demand amid ongoing vaccination. However, its stock lost about 14% from its peak in the last five trading days due to the uncertain growth trajectory amid the increase in COVID-19 cases worldwide.

While challenges persist in the near term, Air Canada's revenues and margins are expected to show a strong improvement in the second half of 2021. I expect advance ticket sales to pick up the pace once the vaccine is widely available. Further, its capacity and cash burn rate are expected to show sequential improvement, providing a solid base for recovery in its stock.

I remain upbeat on Air Canada's prospects and expect the company to deliver strong gains in the future. Its cargo business is likely to sustain momentum while its lower-cost base is expected to cushion its bottom line.

Suncor Energy

Shares of **Suncor Energy** (TSX:SU)(NYSE:SU) are up about 63% in the last six months, reflecting increased demand for energy. However, its stock is down about 7% in the last five days. The long-term energy outlook remains favourable, which is likely to support the uptrend in Suncor Energy stock.

Despite the near-term challenges, the oil prices are expected to trend higher in 2021. Meanwhile, an increase in production value and Suncor's lower cost base positions it well to deliver strong cash flows in the coming years.

Besides higher volumes and pricing, Suncor's integrated assets, operational flexibility, enhanced product mix, and improvement in business process augur well for future growth and are likely to expand its margins. Also, Suncor could continue to boost its shareholders' returns through increased dividends and share repurchases in the future.

Cineplex

Cineplex (TSX:CGX) stock has scaled back from its recent highs. However, I see significant improvement in its revenues and margins in the coming quarters on the back of the recovery in demand. Notably, its stock has surged over 77% in six months, and I expect the uptrend to sustain as better days are ahead for the company.

The ongoing vaccination is paving the way for a stellar recovery in Cineplex. Its entertainment venues and theatres are likely to reopen soon, providing a significant boost to its financials. Moreover, I expect the demand to pick up pace in the latter part of the year.

During the last reported quarter, Cineplex said that it expects to return to the normal operating levels in Q2. With an improving operating environment, expected recovery in consumer demand, and lower cost base, Cineplex could deliver stellar returns in the coming years. Despite the run-up in its stock, it is trading at an attractive discount, presenting a good entry point for long-term investors.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:AC (Air Canada)
3. TSX:CGX (Cineplex Inc.)
4. TSX:SU (Suncor Energy Inc.)

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snahata