



The 4 Best Canadian Reopening Plays for 2021 and Beyond

Description

The Canadian stock market remains volatile, as COVID-19 cases continue to increase worldwide. Uncertainty over the pace of economic recovery is playing spoilsport. Despite the near-term challenges, I believe 2021 will be a solid year for equity investors. The reopening of the economy, widespread vaccine distribution, recovery in corporate earnings, and revival in consumer demand provide a solid growth platform.

Here are the top four TSX-listed stocks expected to deliver stellar returns with the [reopening of the economy](#).

Cineplex

The post-COVID reopening is likely to drive **Cineplex** ([TSX:CGX](#)) stock significantly higher. Notably, Cineplex stock has gained about 73% in six months on the hopes of reopening of its theaters and entertainment venues. The pickup in demand with the wide availability of the COVID-19 vaccine in the latter part of 2021 could act as a strong growth catalyst. Meanwhile, the company could operate with some level of capacity restrictions in the short term.

Cineplex remains upbeat on reopening its entertainment venues and circuit of theatres and expects to operate at normal operating conditions in Q2 2021. The company has trimmed its costs, which is likely to cushion its bottom line, as revenues and capacity improve. Despite the recent run, Cineplex continues to trade cheap and offers excellent value at the current levels.

Air Canada

The easing of travel restrictions could boost **Air Canada** ([TSX:AC](#)) stock significantly. The vaccine distribution has helped the company cover some of the lost ground as its stock surged over 65% in six months. While Air Canada could continue to report lower revenues in the short term, I expect to see a strong sequential improvement in its financials as the year progresses.

The company's losses are expected to contract with the gradual pickup in air travel demand. The sustained momentum in its air cargo business is likely to support its revenues. With its stock still

trading at a meaningful discount to the pre-COVID phase, Air Canada could deliver strong returns with the recovery in demand.

Suncor Energy

The reopening of the economy has driven crude oil prices higher, giving a major boost to **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) stock. It has gained about 55% in six months, and the uptrend is expected to sustain in 2021 and beyond.

I believe the recovery in energy demand, higher production volumes, and increased prices are likely to support Suncor's revenues and profitability and, in turn, [its stock](#). Its integrated assets, improved product mix, and reduction in cost are likely to drive its earnings. Besides, share repurchases and consistent dividend payments are likely to boost its shareholders' returns.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) has impressed with its recent financial performance. Its revenues improved on the back of higher loans and deposit volumes. Meanwhile, operating leverage and reduction in provisions cushioned its bottom line.

I expect Bank of Montreal to continue to benefit from the economic expansion. Meanwhile, its loans and deposit volumes could continue to rise. Further, improved efficiency and a sharp reduction in provisions are likely to give a significant boost to its bottom line. The company has paid dividends for a very long period and likely to increase it further in the coming years. Moreover, Bank of Montreal is trading at a lower valuation compared to its peers and offers good growth.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:AC (Air Canada)
4. TSX:BMO (Bank Of Montreal)
5. TSX:CGX (Cineplex Inc.)
6. TSX:SU (Suncor Energy Inc.)

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