3 Canadian Stocks That Are Still Bargains in April

Description

Canadian stocks have been doing very well in 2021. Year to date, the **S&P/TSX Composite Index** is up 8.3%. Certainly, the strong move to cyclical and value stocks has helped. Yet the Canadian stock exchange was largely neglected in 2020. So, maybe it is time that Canadian stocks saw some love. Certainly, while COVID-19 persists, investors may be in for a shaky ride. The good news is more and more people are getting vaccinated and sooner than later, the world will have some semblance of normalcy again.

In an ode to that normalcy, here are three Canadian stocks that could do really well out of the pandemic recovery.

A top Canadian oil stock

The first stock is **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ). This stock has had a decent 23% recovery in 2021. Perhaps it is not as cheap as it was, but I believe it still has some upside. First of all, during the pandemic, CNQ was among only a few oil majors to not reduce its dividend. Today, it still pays out an attractive 4.91% dividend. It just speaks to the high-quality, factory-like efficiency of this business to produce oil and natural gas.

Secondly, through the pandemic, it unlocked efficiencies and lowered its overall cost of operations. Consequently, at US$60 oil it is producing a ton of free cash flow. The company is so confident in its outlook, it just raised its dividend 11%. While oil stocks can be tricky, CNQ is a great way to play a recovery in inflation and oil markets in general.

A top Canadian income stock

Another Canadian energy stock that is slightly less risky is **Pembina Pipeline** (TSX:PPL)(NYSE:PBA). This is a picks-and-shovels way to play the recovery in oil. Pembina operates a network of pipelines and midstream assets across Canada and the United States. Frankly, many oil and gas producers in Western Canada have no choice but to utilize Pembina to process or transport their raw oil products.

Over 90% of its cash flows are from contracted cash-yielding assets.

Its dividend is incredibly well-covered, and Pembina has a very solid balance sheet. This company may not grow in 2021, but stable oil demand could mean it can start up a number of new growth initiatives in 2022.

All around, it is a safe way to play a recovery in global energy demand. This Canadian stock pays a nice 6.77% dividend, so you get an attractive cash payout while you wait.

A Canadian healthcare play on the U.S.

If you just cannot stomach the volatility of energy stocks, **VieMed Healthcare** (TSX:VMD)(NASDAQ:VMD) is interesting today. Firstly, it is a play on in-home healthcare in the United States. VieMed is a leading provider of respiratory services and ventilation products across America.

It enables people with critical respiratory diseases to stay out of hospitals and be treated from home. This Canadian stock saw a massive uptick in demand for its ventilation products in 2020. Consequently, it churned out some phenomenal revenue and earnings growth last year. The pandemic has actually given it strong in-roads with new primary care providers, hospitals, and doctors clinics.

Secondly, as the U.S. becomes vaccinated, VieMed will gain broader access to patients in hospitals and in homes. Out of the pandemic, management is targeting +30% organic growth. VieMed has a great balance sheet, a large unpenetrated market, and growing demand momentum. All in all, I think this is a great Canadian healthcare stock set for some upside this year.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NASDAQ:VMD (Viemed Healthcare)
2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:PPL (Pembina Pipeline Corporation)
6. TSX:VMD (Viemed Healthcare)

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