



Got \$1,000 to Invest? 2 TSX Stocks to Buy Today

Description

Investors with a bit of cash in their TFSA and RRSP accounts are looking for the best TSX stocks to buy today in an expensive market.

Why Kinross Gold looks like a cheap TSX stock right now

Kinross Gold ([TSX:K](#))([NYSE:KGC](#)) trades around \$9 per share at the time of writing. The stock was as high as \$13 in September, shortly after the price of gold hit its 2020 peak above US\$2,000 per ounce.

Gold prices fell through the last quarter of 2020 and continued to slide until the middle of March this year. The main reason behind the pullback might be the reversal in the U.S. treasury market. The 10-year yield bottomed out around 0.51% in early August but then rose steadily until March 2021 when it reached 1.75%. The sell-off in the bond market (bond yields move in the opposite direction of bond prices) appeared to go too far and 10-year yields are current below 1.6%.

Gold trades near US\$1,780 per ounce, up from US\$1,700 over the course of the past month.

Kinross Gold expects production in 2021 to be in line with last year and then jump by 20% through 2023. The company's balance sheet is in good shape, and the board even started paying a dividend after years of restructuring following bad investments made at the peak of the last gold rally in 2011.

Kinross Gold generated US\$1 billion in free cash flow in 2020. All-in sustaining costs for 2021 are projected at US\$1,025 per ounce, which is close to last year. Assuming gold maintains its current price, or even moves higher, Kinross Gold stands to be a cash machine in the next few years.

The stock looks [undervalued](#) at just 7.5 times earnings and could easily rally back to the 2020 high on a new upswing in gold.

Whitecap Resources could deliver big returns

Whitecap Resources ([TSX:WCP](#)) made two [acquisitions](#) in the past year that position the company to be a successful player in the light-oil segment of the energy market.

The company has a strong balance sheet and expects to generate free funds flow of \$520 million in 2021. Given the positive outlook the board raised the dividend by 6%. The new annualized payout of \$0.181 per share translates into a 3.4% yield at the current stock price around \$5.25 per share.

Investors who bought Whitecap Resources below a \$1 last year are already sitting on some nice gains, but more upside should be on the way. Analysts widely expect oil to continue its rally this year and into 2022. Oil producers remain largely out of favour, despite the huge surge in oil prices since last fall. As interest flows back into the sector, Whitecap Resources should benefit due to its strong balance sheet and attractive cash flow.

Additional strategic acquisitions could be on the way to boost output and potentially lead to another dividend hike. In the meantime, investors get paid a decent yield to wait for the next surge to the upside.

The bottom line on TSX stocks to buy now

Kinross Gold and Whitecap Resources look attractive in an otherwise expensive market. Volatility should be expected, but these two stocks have the potential to deliver big gains over the next couple of years.

CATEGORY

1. Energy Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:K (Kinross Gold Corporation)
3. TSX:WCP (Whitecap Resources Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Energy Stocks
2. Investing
3. Metals and Mining Stocks

Date

2025/07/07

Date Created

2021/04/29

Author

aswalker

default watermark

default watermark