



3 Fundamentally Solid Stocks to Buy Amid Market Correction in May 2021

Description

After starting May on a positive note, the broader market has [turned negative](#) lately. The **S&P/TSX Composite Index** has been falling consistently for the last three sessions in a row. An ongoing correction in the technology sector is one of the reasons pressurizing the market lately.

Investors can take advantage of the ongoing market weakness and buy some good stocks at a lower price. Here are three such [fundamentally strong stocks](#) that you can buy in May 2021.

Royal Bank of Canada stock

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is my first recommendation for long-term investors to consider buying right now. After facing operational challenges due to the COVID-19 related restrictions last year, the trend in its financials has already started improving.

In the quarter ended January 2021, the largest Canadian bank reported a 10% year-over-year (YoY) rise in its earnings to \$2.69 per share, beating analysts' consensus estimate of \$2.27 per share. While its home market operations are still recovering, Royal Bank of Canada generated a record \$2.5 billion revenue from its U.S. operations in the last quarter.

While RBC stock has risen by 14.3% on a year-to-date basis, it has been trading on a mixed note for the last couple of months. The bank will [announce](#) its second quarter of fiscal 2021 results later this month on May 27. A consistent recovery in its Canadian operations along with strength in the U.S. operations could help its stock soar in the coming months.

Shopify stock

Despite the ongoing tech sector weakness, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) continues to be one of my favourite stocks to buy right now. In fact, the recent correction in its stock has made its stock even more attractive.

Shopify's outstanding financials never fail to disappoint investors. While some analysts were estimating a decline in its revenue, the company continued to beat the estimates by a wide margin in Q1. During the quarter, its adjusted earnings rose by 958% to US\$2.01 per share as its YoY revenue growth accelerated further to 110%.

While I don't deny that its sales growth rate could slightly decline in the post-pandemic world, Shopify's overall business growth is likely to remain solid. That's one of the reasons why you may want to add its stock to your portfolio right now when it has fallen by 28% in the last three months.

TC Energy stock

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is another great Canadian stock that I consider worth buying right now. Despite the pandemic-related headwinds, the company's financials largely remained stable. In 2020, TC Energy's revenue rose by 15% to \$13 billion. With this, it reported a solid 16 9% rise in its adjusted earnings to a record \$4.20 per share.

Analysts expect TC Energy's revenue to improve further in 2021, while its earnings are expected to be near its record level. TC Energy stock also offers an attractive 5.7% dividend yield, which is ideal for generating passive income.

Foolish takeaway

The Canadian stock market has recently posted record highs. Despite the recent correction, the stocks are likely to resume their rally in the coming months as the economy recovers. Long-term investors can see the ongoing market correction as an opportunity to buy fundamentally strong stocks like Royal Bank of Canada, Shopify, and TC Energy cheap.

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3. NYSE:TRP (Tc Energy)
4. TSX:RY (Royal Bank of Canada)
5. TSX:SHOP (Shopify Inc.)
6. TSX:TRP (TC Energy Corporation)

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