



## 4 Cheap Canadian Stocks to Buy Under \$30

### Description

The Canadian equity markets continue to rise, with the **S&P/TSX Composite Index** hitting a new high yesterday amid softer Treasury yields and expectations of solid recovery. However, these four Canadian stocks are trading at a significant discount from their recent highs and offer excellent buying opportunities.

### Suncor Energy

Supported by the strong recovery in oil prices, the **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) stock price has increased by over 31% this year. Despite the rise, the company still trades 34.3% lower from its January 2020 levels, providing an excellent buying opportunity. Meanwhile, its valuation also looks attractive, with its forward price-to-sales and price-to-book multiples standing at 1.2.

With the expansion of vaccination, governments worldwide would look to lift restrictions, driving economic activities and, in turn, the oil demand. Given its integrated business model, the company could benefit from higher oil prices. Besides, the production growth and improvement in operating efficiencies could also drive the company's financials in the coming quarters. So, I expect [Suncor Energy to outperform the broader equity markets this year](#).

### Air Canada

The persistence of COVID-19 infections and travel restrictions continue to weigh on **Air Canada's** ([TSX:AC](#)) financials, with its revenue declining by 80% in [the March-ending quarter](#). It also incurred an operating loss of \$1.05 billion while burning net cash of \$1.27 billion during the quarter. Meanwhile, the company's cargo business is going strong. The company's management has planned to add two Boeing 767 aircraft by the end of this year to expand its operation to international routes.

Further, Air Canada's management has taken several cost-cutting initiatives, which could lower its losses. It has also received \$5.9 billion in financial support from the Canadian government, strengthening its balance sheet. Besides, the widespread vaccination could prompt the government to

relax some of the harsh travel restrictions, driving passenger demand. Given its scale, the company could bounce back quicker than its peers.

## TransAlta Renewables

After delivering close to 110% over the last five years, **TransAlta Renewables** ([TSX:RNW](#)) has been under pressure this year, with its stock price trading over 20% lower from its January highs. The correction has dragged the company's valuation to a reasonable level while providing an excellent entry point for investors with two years of the investment horizon.

Meanwhile, the company operates a highly contracted and diversified portfolio of renewable power-generating assets. Further, its strong balance sheet, strategic acquisitions, and a healthy pipeline of projects could drive its financials in the coming quarter. It recently completed the acquisition of three assets from TransAlta Corporation, which increased its power generating capacity by 303 megawatts. Besides, the company pays monthly dividends at a healthier yield of 4.86%.

## Absolute Software

My final pick would be **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)), which has lost over 32% of its stock value from its February highs. The sell-off in tech space appears to have dragged the company's stock price down. Meanwhile, the steep correction provides an excellent buying opportunity, given the favorable industry trend and the company's growth initiatives.

With more people shifting to work remotely, the spending on cybersecurity is rising, thus expanding the company's addressable market. Meanwhile, the company is enhancing its platforms and launching new products to increase its market share. Further, the company's management has issued impressive guidance, with revenue growth of 14%-15%. Its adjusted EBITDA margin could come in the range of 24-25%. Given this, I expect Absolute Software to deliver superior returns over the next two years.

### CATEGORY

1. Energy Stocks
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:ABST (Absolute Software)
3. TSX:AC (Air Canada)
4. TSX:RNW (TransAlta Renewables)
5. TSX:SU (Suncor Energy Inc.)

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