4 Best Stocks Under $50: Could They Double?

Description

The Canadian stock market remains strong irrespective of heightened volatility and fear of a spike in inflation. Further, the ongoing vaccine distribution, recovery in economic activities, normalization of operations, and corporate earnings growth provide a solid underpinning for outsized growth in several **TSX** stocks.

Let's delve deeper into four such Canadian stocks that could double from the current levels. Further, these stocks are trading cheap (under $50).

Air Canada

Air Canada (TSX:AC) stock is on a recovery path and witnessed strong buying in the recent past on expectations of a revival in air travel demand amid ongoing vaccination. Air Canada stock has appreciated more than 65% in one year, and yet it is trading at a discount of about 48% compared to pre-COVID levels, making it an attractive buy at current levels.

While Air Canada might continue to operate at a limited operating capacity for few more months, I believe the stock has solid long-term growth prospects. The accelerated pace of vaccination is likely to drive air travel demand, in turn, boost Air Canada's revenues, operating capacity, and margins. I expect to see a decline in its net cash burn rate, while its losses will likely go down sequentially. Besides the improvement in demand, Air Canada is also expected to benefit from its growing air cargo business, which is likely to support its top and bottom lines.

Suncor Energy

Like Air Canada, shares of **Suncor Energy** (TSX:SU)(NYSE:SU) have also witnessed significant recovery, jumping over 50% in the last six months and reflecting a pickup in demand and higher average oil prices. I believe the Suncor stock has further upside potential from the current levels, thanks to the economic expansion, improvement in energy outlook, and increased crude oil prices.

Further, Suncor is likely to deliver stellar revenues and margins, backed by higher production volumes, integrated assets, and lower costs. Moreover, its focus on debt reduction bodes well for future growth.

Also, the company is paying regular dividends and could continue to enhance shareholders' returns through share buybacks.

AltaGas

AltaGas (TSX:ALA) stock has gained about 35% in six months, and the momentum could continue, reflecting continued strength in its base business, growing economic activities, and an uptick in demand. Its regulated utility business delivers robust cash flows and adds stability. Meanwhile, its midstream operations are growing rapidly and support overall growth.

I believe rate base, new customer additions, higher exports, and cost efficiencies are likely to drive AltaGas's earnings and dividends. The utility giant projects its 2021 EBITDA and EPS to increase by 12% and 20%, respectively, which is encouraging and should support the uptrend in its stock.

WELL Health Technologies

WELL Health (TSX:WELL) has delivered exceptional returns in 2020 on the back of its stellar financial performances. However, its stock has lost nearly 20% of its value in the past three months, making it an attractive investment at current levels. Its revenues are growing at a breakneck pace, while it has reported positive adjusted EBITDA in two consecutive quarters.

I believe the company's growing scale, market share growth, digitization of clinical assets, and strong acquisitions pipeline position it well to deliver solid sales and EBITDA in the coming years, which could continue to drive its stock higher. Meanwhile, its strong revenues and optimization of costs are likely to boost its cash flows.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:AC (Air Canada)
3. TSX:ALA (AltaGas Ltd.)
4. TSX:SU (Suncor Energy Inc.)
5. TSX:WELL (WELL Health Technologies Corp.)

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