



2 Leading Canadian Stocks to Buy in June 2021

Description

Investors are looking for top Canadian stocks that might deliver strong gains in the second half of 2021.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) continues to move higher on a rebound in demand for crop nutrients in key markets. The company is the world's largest producer of potash and also sells nitrogen and phosphate. The three fertilizers are used by farmers around the globe to boost crop yields. Nutrien also has a retail division that sells seed and crop protection products.

High prices for corn and other crops are driving strong fertilizer demand. Nutrien just announced plans to [increase potash production](#) by roughly half a million tonnes over the next six months as a result of tight supply in the global market.

The company will likely provide improved guidance for full-year EBITDA as a result of the boost in production and anticipated sales. Nutrien has the potential be a free cash flow machine as commodity prices rise. This might not be fully reflected in the stock price.

Nutrien trades near \$79 per share at the time of writing. With the potash market getting tight, prices could take off in the next 12 months. If that turns out to be the case, investors could potentially see 30% upside in the share price by this time next year.

Suncor

The U.S. is seeing a jump in demand for domestic air travel, and drivers are hitting the highways in large numbers, as the country reopens and people search for a normal summer holiday. Canada lags its southern neighbour, but there is light at the end of the tunnel. On the commuting front, major U.S. companies are telling their workers they will need to be back in the office in the coming weeks or in the fall. All the new driving and increased flights should trigger a surge in gasoline and jet fuel demand.

All the extra fuel demand bodes well for **Suncor** ([TSX:SU](#))([NYSE:SU](#)). The company is not just a major oil producer, it also owns large refineries that make gasoline and jet fuel and operates roughly 1,500 service stations.

WTI oil just hit a two-year high above US\$70 per barrel, and some analysts are calling for a spike too US\$100 in the next couple of years. Suncor's Q2 2021 results could surprise to the upside and give the stock a boost heading into the fall. At the time of writing, the stock looks undervalued. Suncor trades for close to \$30 per share. It was \$44 per share before the pandemic, when oil was quite a bit lower than the current price.

OPEC appears keen to keep supply increases modest to protect the rebound in the price of oil. At the same time, rising global demand could offset new supply over the next few years, leading to a price surge as some pundits expect. Producers around the globe shelved capital investments in the past year, and pressure from [ESG activists](#) is making it harder for major energy players to announce new projects.

The bottom line

Nutrien and Suncor should benefit from strong commodity prices in the back half of 2021 and through 2022. The stocks appear cheap right now and could deliver big gains over the next 12-18 months.

CATEGORY

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