3 of the Best Under-$30 Canadian Stocks to Buy Now for Higher Returns

Description

The optimism from the ongoing vaccination, economic reopening, and recovery in corporate earnings continue to drive Canadian stocks higher. With the improving macroeconomic environment and recovery in consumer demand, I believe it is the right time to buy and hold stocks that could significantly benefit in the post-pandemic world.

With the recovery in the background, investors could consider buying shares of **Air Canada** (TSX:AC), **Cineplex** (TSX:CGX), and **AltaGas** (TSX:ALA) at their current levels to gain from the economic expansion and improvement in demand. Moreover, these top stocks are trading under $30.

Air Canada

Air Canada has gained over 24% this year, and I expect the uptrend in its stock to sustain on the back of the expected improvement in air travel demand amid easing lockdown measures and widespread vaccination. The stock continues to trade cheap (under $30) and is available at a significant discount compared to its pre-pandemic levels, making it an attractive buy at current levels.

I believe the Canadian airline company has immense growth potential and could rebound strongly once its operations return to normal. Its operating capacity is likely to recover fast with the uptick in air travel demand led by acceleration in vaccination. Further, Air Canada's top line could show a sharp improvement with the reopening of the international borders. Also, the continued momentum in its air cargo business, expected reduction in net cash burn, and recovery in earnings are likely to fuel strong growth in Air Canada stock.

Cineplex

Cineplex stock has witnessed solid buying in one month and grew over 21%. Despite the recent run-up, investors should buy and hold this under-$30 stock at current levels, considering a sharp improvement in demand following the normalization of its operations and its solid long-term growth prospects. Moreover, Cineplex stock is still trading at a discount from its pre-pandemic levels, making it a steal at current levels.

Notably, the entertainment company has solid fundamentals, and I expect its financials to improve significantly with the economic reopening and rising consumer demand. Further, Cineplex's revenues, capacity, and theatre traffic are likely to improve sequentially with the pick-up in demand. Also, Cineplex's net cash burn is expected to decline over the coming quarters, supporting its bottom line and, in turn, driving its stock higher.

AltaGas

AltaGas is an excellent under-$30 stock for investors looking for high growth. The stock has already gained over 38% in six months and over 77% in one year. Moreover, it could continue to deliver stellar returns in the coming years due to its regulated utility business and rapidly growing midstream operations.

AltaGas delivers solid earnings and generates robust cash flows on the back of its growing rate base, new customers, and higher export volumes in the midstream business. Thanks to its solid fundamentals, AltaGas could deliver double-digit growth in its adjusted EBITDA and EPS, which should support the uptrend in its stock. Further, the steady economic recovery and increased energy demand augur well for future growth. AltaGas also offers stable monthly dividends and is yielding about 3.9%.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
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TICKERS GLOBAL

1. TSX:AC (Air Canada)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:CGX (Cineplex Inc.)

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