



3 Canadian Stocks That Could Really Heat Up This Summer

Description

Canadian stocks have been [riding high](#) in the first half of the year. While inflation and rate-hike jitters could derail this magnificent rally, I'd urge investors to stay [invested](#), regardless of what ends up happening next. Even if the **TSX Index** surrenders a chunk of gains in the second half of the year in the event of a commodity price pullback, there are still many bargains out there that could spring into summer.

So, without further ado, let's have a closer look at three Canadian stocks that look overdue for a bounce as we quickly approach the second half of 2021.

Algonquin Power & Utilities

Canadian renewable energy and utility firm **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) hasn't participated in the first-half rally, with the stock now down 11% year to date and 18% off its all-time high. Thanks to the vicious correction, shares of the modestly valued green energy stock now sport a bountiful 4.5% dividend yield, which is close to the highest level it's been since rising out of the depths of those ominous March 2020 lows.

As my fellow Fool contributor Kay Ng pointed out, Algonquin stock's dividend is on some pretty solid footing and is a great way to get an income edge in this low-rate environment: "After increasing its quarterly dividend by 10% last month, Algonquin's annualized payout is US\$0.6824 per share. The dip lifts its yield to about 4.4%, which is decent for the utility," Ng wrote. "According to AQN's five-year yield history shown below, investors looking for a bigger bargain could aim to buy the stock at a 4.8% yield or higher, which would imply a maximum buy target of US\$14.22 per share based on the current payout."

Whether or not AQN flirts with the 5% mark again is anyone's guess. Regardless, value-conscious income investors would be wise to start scaling into a position today, because there's no guarantee it'll stay above the 4.5% mark, as COVID-19 pressures abate.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) can't seem to catch a break. The Fed meeting on Wednesday caused gold to crumble like a paper bag, dragging down the already hard-hit gold miners with it. For a best-in-breed miner like Barrick, I think the weakness in the precious metal is nothing short of a buying opportunity.

Cryptocurrencies, an asset that some view as the "new gold," has been hurting the demand for the shiny yellow metal again. But, in due time, I think the cryptocurrency bubble will burst, and we could witness a sharp recovery in gold, as it looks to test the US\$2,000 levels again.

With Barrick nosediving 5.7% on a brutal day for precious metals, I'd look to back up the truck while Barrick's dividend yield is around the 1.8% mark. Volatility is to be expected from the precious metals. So, if you've got the stomach and need an inflation hedge, Barrick stock is as good as gold in my books.

TD Bank

Following the latest Fed minutes, bank stocks lost their footing, and for no real good reason. With rate hikes on the distant horizon, banks, especially dirt-cheap, high-quality banks like TD should be surging much higher.

TD Bank ([TSX:TD](#))(NYSE:TD) stock, now up 22% year to date, is a great way to hedge rate hikes south of the border. Canada's most American bank is hungry for an acquisition, likely in the U.S. retail banking space. Once it finds the right target at the right price, I think the stock could stand to rally further ahead of what could be an epic bull run for the big banks.

At just 11.2 times earnings, TD stock is one of the better banks for your buck. Moreover, the 3.6% yield is juicy and is poised to grow at a good rate over the next several years. As such, investors would be wise to buy before it can heat up even further this summer.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:B (Barrick Mining)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:ABX (Barrick Mining)
5. TSX:AQN (Algonquin Power & Utilities Corp.)
6. TSX:TD (The Toronto-Dominion Bank)

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