



3 TSX Stocks That Could Heat Up This Summer

Description

Although markets paused after a months-long rally lately, I don't think the weakness will remain for long. Here are three of my favourite TSX stocks that are poised to rise in 2021 and beyond.

Nuvei

Many growth stocks traded weak in the last few months on rising inflation and valuation concerns. However, Canada's fast-growing fintech company **Nuvei** ([TSX:NVEI](#)) has relatively maintained its vigour. The stock has more than doubled in the last six months and is currently trading close to its all-time highs.

Importantly, Nuvei will likely continue to trade strong, as it will be [added](#) to the **S&P/TSX Composite Index** next week. Institutional investors who track the index could buy the stock as well, giving an upward nudge to the stock.

Nuvei has shown stellar performance in the last few quarterly earnings. Changing consumer behaviour and higher spending on e-commerce have substantially boosted Nuvei's revenues. For those who don't know, Nuvei charges transaction fees to merchants for providing a payment gateway. It also generates revenues from value-added services like analytics and insights to merchants.

Nuvei's latest acquisitions of Mazooma and Simplex will likely expand its product base and should result in higher revenues. The recent stock strength shows investors' conviction with Nuvei's growth story and valuation is not a concern. The stock might continue its upward march with its expected superior financial performance, at least in the short to medium term.

Absolute Software

Not all tech stocks are volatile. Vancouver-based **Absolute Software** ([TSX:ABT](#))([NASDAQ:ABST](#)) is an apt example. It is a cybersecurity company that offers decent growth prospects.

An \$872 million company Absolute Software provides endpoint security platform and data risk-management solutions to its customers. Spending on digital security will only rise from here as we connect more digitally, increasing the total addressable market for companies like Absolute. It saw double-digit revenue growth in the last three quarters, higher than its long-term average. The management expects decent revenue growth of 12% in 2021 year over year.

Absolute stock is up a notable 50% in the last six months. Being a tech stock, Absolute is a relatively low-volatility stock compared to peers. It offers a favourable risk/reward proposition for conservative long-term investors with its average top-line growth prospects and [stable dividends](#).

Air Canada

Canada's biggest passenger airline **Air Canada** ([TSX:AC](#)) could be one of the biggest winners in the post-pandemic world. The stock has already shown a decent momentum this year, gaining more than 25% so far.

Air Canada maintained its relatively strong liquidity position throughout the crisis. Its cash-burn rate has been way lower than the U.S. peers. Besides, the Canadian government's larger-than-expected bailout package places it on more comfortable footing. This capital will be of immense help to the flag carrier, as mobility restrictions ease and air travel demand resumes in the next few quarters.

Air Canada has emerged even stronger from the gruesome crises. I am optimistic that it will arise and reach new highs post-pandemic.

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TICKERS GLOBAL

1. NASDAQ:ABST (Absolute Software)
2. TSX:ABST (Absolute Software)
3. TSX:AC (Air Canada)
4. TSX:NVEI (Nuvei Corporation)

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