# 3 of the Best Canadian Stocks to Buy in June

## Description

The Federal Reserve just increased inflation rate estimates for 2021 by 100 basis points. The Central Bank south of the border now expects inflation to touch 3.4% this year and has also warned about an interest rate hike which might come sooner than expected. This might trigger a sell-off in the equity markets making overvalued growth stocks vulnerable in the sell-off.



Further, the reopening of economies might also drive a rally in sectors impacted by the pandemic that include hospitality, retail, energy, and travel. Keeping these factors in mind, let's take a look at three stocks on the **TSX** that are attractive picks right now.

## Air Canada

In case the dreaded virus is bought under control by the end of 2021, investors should expect **Air Canada** (TSX:AC) stock to take flight driven by pent-up demand and easing travel restrictions. The capital-intensive airline sector has been among the hardest hit during the pandemic as several countries shut their borders bringing travel to a standstill.

Air Canada was one of the top performers on the TSX in the decade prior to COVID-19 and returned 3,600% in that period. It's currently trading over 45% below record highs making the stock attractive to contrarian investors.

In 2020, its sales were down 70% and Air Canada also burnt over $4 billion in the last year due to high fixed costs associated with this industry. The company's financials are forecast to improve going forward and it might turn profitable by the end of 2023. Air Canada ended Q1 with $6 billion in cash and $12.75 billion in debt, providing it with enough liquidity to withstand near-term headwinds.

## Suncor

**Suncor Energy** (TSX:SU)(NYSE:SU) is a Canada-based integrated energy company. It focuses on developing petroleum resource basins in the Athabasca oil sands. The company explores, acquires, develops, produces, transports, refines, and markets crude oil in Canada and other international markets. It also markets petroleum and petrochemical products while operating in oil sands exploration and production as well as refining and marketing.

During the bear market of 2020, Suncor had to cut its dividend payout by 55% as oil prices fell off a cliff. However, the energy giant is up 43% year to date and pays investors a dividend of $0.84 per share, indicating a forward yield of 2.72%.

Analysts expect Suncor to increase sales by 46.5% to $36.7 billion in 2021 allowing it to improve its bottom-line from a loss of $1.47 per share in 2020 to earnings of $2.3 in 2021.

Bay Street also has a 12-month average price target of $34 which is 11% above its current trading price. After accounting for its dividend yield, total returns will be closer to 14%.

## Canadian Utilities

The final stock on the list is **Canadian Utilities** (TSX:CU), a Canadian company that has increased its dividend payouts for 48 consecutive years. Canadian Utilities is a recession-proof stock and has managed to generate a steady stream of cash flows across business cycles which in turn has allowed consistent dividend increases over the years.



Canadian Utilities still provides investors with a yield of 4.93% making it attractive to passive and income investors. Canadian Utilities has a robust business model and its cash flows are regulated and backed by long-term contracts. In Q1, its adjusted earnings rose by 6.7% to $191 million due to growth in its asset base as well as cost efficiencies.

**CATEGORY**

1. Dividend Stocks
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**TICKERS GLOBAL**

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2. TSX:AC (Air Canada)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:SU (Suncor Energy Inc.)

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