Got $3,000? 3 Supercharged TSX Stocks to Buy Right Now

Description

Markets shrugged off fears of higher rates and resumed their upward climb recently. While overvalued stocks might continue to remain volatile, here are three reasonably valued TSX stocks that offer appealing growth prospects.

Whitecap Resources

The energy sector looks in terrific shape this year. Energy stocks have been rallying on higher-than-expected crude oil prices for the last few months. Canadian mid-sized energy stock **Whitecap Resources** (TSX:WCP)(NYSE:WCP) is already up 130% since November 2020.

Interestingly, the recent crude oil price surge has created a strong possibility of oil reaching US$100 a barrel this year. Companies like Whitecap Resources will likely see significant earnings growth in that case.

Whitecap expects $578 million in free cash at current oil prices for the entire year — 82% growth against its base case guidance. The company intends to repay debt aggressively with favourable cash flows this year, strengthening its balance sheet.

WCP stock is currently trading at eight times its 2021 earnings, which looks highly discounted. Its decent yield, attractive valuation, and bullish outlook for oil make it a strong bet for long-term investors.

Premium Brands Holdings

Canada's top food-processing company **Premium Brands Holdings** (TSX:PBH) witnessed an outstanding recovery since last year. The stock is up almost 50% in the last 12 months, notably outperforming peers.

Despite the dent caused by the pandemic, the management has kept its long-term guidance intact. It aims to achieve sales of $6 billion by 2023 from the current levels of $4.1 billion.

Premium Brands, which owns banners like Harvest Meats and Freybe, will likely see superior financial performance amid the re-opening and increased spending post-pandemic. The company has also been highly active on the acquisitions front, which will likely expand its revenue base in the next few quarters.

Importantly, PBH stock looks expensive after its recent rally. It is trading 55 times its 2021 earnings and might have a limited upside. However, food-processing stocks generally trade at a premium, and PBH dons a relatively superior multiple than the industry average.

Air Canada

While **Air Canada** (TSX:AC) stock has soared more than 25% so far in 2021, we will likely see a much stronger rally later this year. Because that's when air travel will likely normalize in Canada. Canada has already received flack over its blanket travel restrictions. It has been opening up gradually recently and could see a higher pace, as the vaccination percentage increases. It could see increased pressure from stakeholders to ease curbs and open up.

Air Canada looks well placed to benefit from the expected pent-up demand amid re-openings. Canadians are already sitting on a hoard of cash, which could lead to higher spending on travel and leisure. Many global passenger airlines have seen superior demand in the last few months and have added routes to cater to them.

More number of flyers will lead to higher revenues for Air Canada. Though it might take time to return to profitability and replenish the dented balance sheet, an improved outlook could drive the stock higher later this year.

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