3 TSX Stocks to Buy Now That Could Make You Rich

Description

The upward trend in top TSX stocks continues, despite valuation concerns as the steady growth in the economy, uptick in demand, and expected revival in corporate earnings growth continue to drive the Canadian stock market higher. With an improving macroeconomic environment, I have zeroed in on three TSX stocks that could continue to make a significant amount of money for their investors and deliver good returns in the medium to long term.

Suncor Energy

The stellar jump in crude oil prices and improved energy demand provide a solid base for outsized growth in **Suncor Energy** (TSX:SU)(NYSE:SU) stock. Notably, Suncor stock has already gained over 44% this year but is still trading cheaper than its pre-COVID levels, making it a steal at current levels.

The rising demand for oil and refined products, favourable revenue mix, and higher crude oil prices are likely to drive Suncor Energy's revenues and margins and support the uptrend in its stock. I expect Suncor to deliver strong financial performances in the coming quarters on the back of its integrated assets, gradual increase in production volumes, cost optimization, and lower debt.

Further, Suncor Energy could continue to enhance its shareholders' returns through regular dividend payments and share buybacks. Suncor Energy stock pays a quarterly dividend of $0.21 a share, translating into a yield of 2.8%.

Bank of Montreal

I have said it before that **Bank of Montreal** (TSX:BMO)(NYSE:BMO) stock could create a significant amount of wealth for investors in the long term. The stock has witnessed strong buying in one year and has appreciated over 82%, thanks to the pickup in demand and economic expansion.

I expect the reopening of its economy and revival in demand should further boost its top line and drive its stock higher. Moreover, its diversified business model, growth in loans and deposit volumes, and increase in non-interest income should further support its financials. Also, tight expense management, lower provisions, and improving operating leverage could cushion its profits significantly.

Notably, Bank of Montreal's valuation is still within reach. It trades at a price-to-earnings and price-to-book value multiples of 11.2 and 1.6, respectively, which are lower than its peer group average. Also, Bank of Montreal has consistently paid a dividend for 192 years and raised it at a CAGR of 6% in the last 15 years. I expect the Canadian banking giant to continue to lift its dividend in the coming years, reflecting 7-10% growth in its earnings in the future years.

Air Canada

The hopes of a revival in air travel demand amid vaccine distribution have led to a stellar recovery in **Air Canada** (TSX:AC) stock. Its stock has already appreciated over 51% in one year. However, it is still trading cheaper than its pre-COVID levels, providing a solid buying opportunity.

I believe the easing of travel measures should boost the airline giant's financials and make its investors very rich.

Air Canada's operating revenues and capacity are likely to improve sequentially and witness stellar growth once its operations return to normal. Furthermore, I expect its net cash burn to decline on a sequential basis.

In addition, the growing momentum in its air cargo business is likely to support the top-line growth and cushion its earnings and, in turn, drive its stock higher.

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2. NYSE:SU (Suncor Energy Inc.)
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Date
2025/08/16
Date Created
2021/06/28
Author
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