



## 5 Top Canadian Stocks to Buy in July 2021

### Description

This July, don't just sit and regret missing the recovery and seasonal rally. Instead, take this opportunity and ride the rally. Here are five stocks that will benefit from the reopening of the economy and the holiday season shopping.

### Air Canada stock

**Air Canada** ([TSX:AC](#)) is a growth stock in disguise. This debt-burdened, cash-burning airline's stock surged 63% from its October 2020 low. And fundamentals have nothing to do with it. When the \$5.9 billion [government bailout](#) injected cash into the balance sheet, the stock dipped. The shareholders were in disagreement over the 6% stake government took in return for the bailout. But they did not react well to the \$10 million bonus Air Canada bosses tried giving themselves.

Such is the momentum of AC stock. The stock is riding on sentiments, and sentiments are irrational. I expect these sentiments to remain on the bull side, as travel restrictions ease and Air Canada flights take to international skies. The next six to eight months will be filled with AC handling pent-up demand for air travel if there is no fourth COVID-19 wave. AC stock could surge to \$40. Once the demand normalizes, fundamentals will kick in, and the stock could see a correction. Don't miss this rally from \$25 to \$40.

### Suncor stock

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) stock is riding the recovery rally alongside Air Canada. The oil giant has a better chance, as it provides jet fuel and gasoline to all forms of transportation. The pent-up travel demand could drive oil prices to a new high, as many oil companies had slowed their production during the pandemic. Brent crude price has almost doubled from November 2020 and is currently selling at US\$74.68/barrel. Suncor stock moves in tandem with the oil price. The stock has [surged](#) 89% from its November low.

This shows why Warren Buffett bought the stock in July 2020, even though the company announced dividend cuts. He was eyeing the recovery rally that more than compensated for its 55% dividend cut. There is still room for growth, as the stock tries to reach its pre-pandemic price of \$42 — a 43%

upside. But this rise will only last till the demand normalizes.

## Cargojet stock

It is not just the people who will be flying; so will the cargo. **Cargojet** ([TSX:CJT](#)) stock was a star performer during the pandemic, as the e-commerce catalyst boosted its revenue. The third quarter of 2020 was its peak, as Cargojet reported its highest revenue growth (65%) in five years. Then came the correction, as the catalyst effect started fading with the announcement of the vaccine.

A 29% correction has made the shares attractive. With the reopening of the economy, volumes from business and e-commerce customers are returning thanks to back-to-school and holiday season fever. The seasonal revenue growth will reflect in the stock price.

## Descartes

The growing demand for Cargojet and Air Canada will benefit **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)), which helps companies optimize logistics and supply chain management. Descartes's revenue surges as information, cargo, and people transit from one place to another. In the pandemic, the surge in e-commerce volumes offset the decline in air travel and business volumes. The reopening of the economy will revive travel and business volumes, while e-commerce volumes will remain strong.

Descartes stock has already surged 22% in June and has the potential to surge on the recovery and Santa Claus rally.

## Magna

While the above four stocks saw a surge in June, **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) saw a correction of 8.5%. Magna stock surged 80% between November 2020 and May 2021 on the electric vehicle (EV) momentum. The current dip is temporary, as the economy is moving away from fiscal stimulus to natural growth. The stimulus package might end by September or latest by November. Automakers have adopted a wait-and-watch approach. This period of stagnation brings a buying opportunity.

Once EV sales pick up, Magna's revenue will surge. Its factories will get busy, and auto components will be in demand. While the above four stocks could rally in the second half of the year, Magna's rally could resume later.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

### TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:MGA (Magna International Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:AC (Air Canada)
5. TSX:CJT (Cargojet Inc.)
6. TSX:DSG (The Descartes Systems Group Inc)
7. TSX:MG (Magna International Inc.)
8. TSX:SU (Suncor Energy Inc.)

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