



Got \$1,000? 3 Undervalued Canadian Stocks to Buy Under \$30

Description

The **S&P/TSX Composite Index** is trading closer to its all-time highs amid the expectation of strong corporate earnings and optimism over the reopening of economies worldwide. However, despite the substantial increase, these three Canadian stocks are trading at a significant discount from their recent highs and offer attractive buying opportunities.

Suncor Energy

Amid rising demand and supply concerns as OPEC+ countries have failed to reach consensus on production hikes, oil prices have reached \$75/barrel, benefiting oil-producing companies, such as **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). Given its low-decline, long-life assets and integrated business model, the company is well positioned to benefit from higher oil prices.

The production growth, higher refinery utilization, and declining operating expenses could also boost the company's financials in the coming quarter. Meanwhile, Suncor Energy has also [planned](#) to invest \$5 billion through 2025 to optimize its integrated value chain, sustain its base business, and grow its low-carbon businesses. These investments could deliver incremental free fund flows of \$2 billion from 2025. So, the company's growth prospects look healthy.

Despite its healthy growth prospects, the company still trades over 33% lower from its January 2020 levels. So, I believe investors should utilize this correction to accumulate the stock to earn superior returns.

Algonquin Power & Utilities

Supported by its strong performance, **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) has delivered above 145% returns over the last five years at a CAGR of 19.8%. However, this year, the company is under pressure due to the weakness in the renewable energy space. Currently, it trades 10.7% lower. So, I believe investors should utilize this correction to accumulate the stock.

The world is quickly shifting towards renewable energy to meet its energy requirements amid rising pollution levels. So, this transition could benefit Algonquin Power & Utilities, which has over 30% of its business involved in power production from renewable sources. The company has planned to invest around \$9.4 billion over the next five years, expanding its utility and renewable assets. So, along with these investments, a favourable environment could boost its financials in the coming years.

Further, Algonquin Power & Utilities has rewarded its shareholders by increasing its dividend at a CAGR of above 10% in the last 11 consecutive years. Currently, the company pays a quarterly dividend of \$0.2094 per share, with its forward dividend yield standing at 4.48%. So, [I believe Algonquin Power & Utilities is an excellent buy right now.](#)

Air Canada

The pandemic had severely dented the passenger airline industry, as travel restrictions had forced passenger airline companies to ground their aircraft. Even Canada's largest airline company, **Air Canada** ([TSX:AC](#)), has felt the impact, with its stock trading around 48% lower than its January 2020 levels.

Meanwhile, amid the easing of travel restrictions, the company has planned to resume its operations from August 1 on 17 routes and 11 destinations worldwide. With the expansion of vaccination, the company could soon resume its operations to other destinations also, boosting its financials in the later quarters.

Air Canada is planning to expand its cargo business by adding two retired passenger aircraft to its fleet by the end of this year. Further, the company plans to add more aircraft next year, as the demand for cargo services is rising amid the thriving e-commerce business. Meanwhile, the company's financial position looks healthy amid \$5.9 billion financial support from the Canadian government. So, the company is well equipped to ride out this volatility while delivering superior returns.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:AC (Air Canada)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:SU (Suncor Energy Inc.)

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Date

2025/09/10

Date Created

2021/07/14

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