



3 of the Best Canadian Stocks to Buy Under \$30 Today

Description

Canadian stocks are starting to see a slight pullback this summer. I don't think this is a time to worry, however. The **TSX Index** has had a very strong rise year to date. In fact, it is up over 12%. Markets never move up in a straight line; consequently, a small [correction](#) is likely warranted. Fears about the rising Delta COVID-19 variant and political tensions in Asia are some of the reasons the market is stalling out.

Right now, I like to be positioned with both defensive and offensive stocks. By defence, I mean stocks that you can own in just about any market. These are stocks with lower betas and solid long-term fundamentals backing them (like real estate, utilities, and telecom stocks).

By offence, I mean stocks that still could benefit from the economic reopening. These include stocks that are a little more cyclical but still present attractive longer-term value. Here are three attractive Canadian stocks you can snag for under \$30 per share today.

Suncor: A top Canadian value stock

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) certainly fits into that more cyclical, slightly higher-risk trade. Just recently, it has had a decent pullback and is trading in the \$25-per-share range. Suncor is one of Canada's largest and most diversified energy producers. It is well known for its oil sands operations in Alberta. However, it actually derives most of its cash flows from energy processing, refining, and retail operations.

In 2021, this Canadian stock has not risen upwards as much as its Canadian energy peers. Consequently, [Suncor's valuation is still pretty attractive](#) here. This company can produce excess free cash flow for as little US\$35 per barrel. Any oil price it garners above that goes straight to free cash flow.

Last quarter, it generated \$2 billion of free cash flow, which it utilized to reduce debt and buy back stock. Its focus is now on capital allocation first. Today, this stock pays a 3.1% dividend. However, I believe that payout could rise, as management targets strong total shareholder returns in 2021.

Algonquin Power: A top safety play

If you are somewhat hesitant about the recovery in Canadian oil stocks, then **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) is an attractive alternative. It is almost the flip side of the oil recovery trade. It operates a diversified utility business across North America. This includes regulated water, electricity, and natural gas utilities.

Given the certainty of demand for these essential elements, Algonquin garners a fairly stable stream of cash flows. It has been able to stream excess cash flows into its growing renewable power business. Today, it has 39 renewable power facilities that produce 2,300 megawatts of power.

This Canadian stock has pulled back significantly in 2021. At \$18.90 per share, it looks pretty attractive. It pays a 4.4% dividend and still has an attractive 10-15% annual growth outlook for the next four to five years.

Telus: A top Canadian dividend-growth stock

Another defensive stock that has some decent growth potential is **Telus** ([TSX:T](#))([NYSE:TU](#)). It trades for around \$27 per share today. This Canadian stock has an attractive combination of capital and dividend growth. This year, Telus elevated its capital-spending program to accelerate its fibre optic infrastructure. Nearly its entire network will have ultra-fast broadband. As it rolls out 5G, this should give it a major advantage against competitors.

Telus expects this spending should result in pretty ample cash flow growth over the next few years. It will utilize this excess cash to increase its already attractive 4.5% dividend and likely keep expanding its smaller digital vertical businesses. This Canadian stock is fast positioning as a leader in digital services, especially in IT, healthcare, security, and [agriculture](#). Consequently, I believe it is primed for above industry growth for many years ahead.

CATEGORY

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2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TU (TELUS)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
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