



The TSX Composite Index Down 2.7%: Bulls Prepare to Buy These 4 Stocks

Description

The **TSX Composite Index** fell 2.7% in the last two days as the growing cases of Delta variant have diluted hopes of economic recovery. The energy and financial services-heavy TSX index faced downward pressure as these stocks took a hit.

The stock market update

The oil companies have been considering increasing supply over anticipated pent-up demand. But the fourth wave creates uncertainty around demand. Canada being the world's third-largest crude reserve, took a hit. The Capped Energy Index plunged 3.8% as crude oil futures fell ~8% over concerns about oversupply. Bank stocks also plunged while tech stocks surged.

This correction has created an opportunity for the market bulls to buy recovery stocks at a discount.

SmartCentres REIT

SmartCentres REIT ([TSX:SRU.UN](#)) dipped 2.7% to \$29.54 over the fear of [Delta variant](#)-induced another lockdown. But the new wave won't impact high vaccinated areas, and that is where SmartCentres properties are situated. The retail [REIT](#) relies heavily on **Walmart** and Walmart-anchored stores for rent collection. The dip comes as the government's rent subsidy will end soon.

But this dip, as it's an opportunity to lock in a 6.26% dividend yield. The REIT maintained its monthly dividend throughout the pandemic despite the weakness in rental income.

It shows the financial stability of the REIT. Moreover, the REIT is building a township (residence, office, storage facilities, and 5G towers) around its properties to increase their value. This will fetch more rental income in the future, enabling the REIT to increase dividends.

Enbridge stock

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) stock has dipped 3.75% in July as concern around oil demand and supply pulled down [oil prices](#). The Delta variant added to the uncertainty. Unlike oil companies, Enbridge is not directly affected by oil prices but is affected by volumes. Enbridge supplies oil and natural gas through its pipelines and collects tolls based on volume.

The fourth wave will not impact its long-term fundamentals and it will continue to pay dividends. This dip has created an opportunity to lock in a 6.93% dividend yield for a lifetime. The stock will recover as the fourth wave eases.

Air Canada stock

Air Canada ([TSX:AC](#)) stock dipped 6.16% in the recent bear market for obvious reasons. The virus became a pandemic because of international travel. Hence, the only way to contain the virus is by restricting travel, which means fewer passengers for the airlines.

AC was reopening routes, scheduling flights in hopes of serving the pen-up air travel demand. The demand is still there, and the airline is well-prepared for these waves. It is not expecting a decent and stable recovery before 2022.

Hence the dip has brought Air Canada stock to the buy price of below \$24. The maximum the stock could fall to is \$21. But it can rally past \$35 when the stable recovery comes. If you can control your fear, the stock is worth the buy at this point.

Cineplex stock

Cineplex (TSX:CSX) stock dipped 17% in three days, sending many investors cringing about their buy decision. In June, the stock gained popularity as the next short squeeze target of Redditor. Even I recommended it at a maximum of \$15. The stock has dipped to \$13.4, but I still stand on the bullish side. The Delta variant has put locals in low-vaccination towns in danger. But the high vaccination area could remain open.

The 17% dip is just a knee-jerk reaction because the short-term traders were eyeing the stock. Nothing has changed for long-term investors. Cineplex still has the recovery upside to surge past \$20.

Foolish tip

You may have bought some of the above stocks at a higher price. But don't panic in the current dip and sell. Have patience. The COVID-19 waves will keep coming till the global population is vaccinated. But that won't stop the recovery. So hold on until next year.

Fool contributor [Puja Tayal](#) has no position in any of the stocks mentioned.

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1. Coronavirus
2. Dividend Stocks
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TICKERS GLOBAL

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2. NYSE:WMT (Wal-Mart Stores Inc.)
3. TSX:AC (Air Canada)
4. TSX:CGX (Cineplex Inc.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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