5 Best Canadian Stocks to Buy on the July Dip

Description

The stock market saw a slight dip in mid-July as fears of the Delta variant cloud the hopes of economic recovery. This dip has created an opportunity to buy some recovery stocks with significant upside in the coming 15 to 18 months.

Suncor Energy stock

Suncor Energy (TSX:SU)(NYSE:SU) stock dipped 16% in July over uncertainty around oil prices. On one side, oil companies are expecting oil demand to surge as industries and international borders reopen, and on the other side, the delta variant is creating havoc. Moreover, environmentalists in the United States are targeting emission-intensive oil sands projects.

The growing unpredictability of oil demand and the environmental pressure has impacted Suncor, Canada's largest integrated oil sands company. But if you understand oil stocks, you should know this dip is an opportunity to buy.

Environmental concerns are long-lasting, and there is no viable alternative to crude oil in jet fuel. This means Suncor stock will benefit from the pent-up demand. Riding the recovery rally the stock more than doubled between November 2020 and June 2021.

If Suncor returns to the pre-pandemic normal of $40, there is a 50% upside left in the stock. Once the recovery rally is over, the environmental issues will kick in. But until then, you can enjoy the recovery rally.

Kinaxis stock

The pandemic has opened new growth opportunities for supply chain management (SCM) as companies are now looking to optimize their trade. The pent-up demand for everything that came to a standstill during the pandemic has put supply chains to work.

From air travel to manufacturing, logistics is gaining momentum ahead of the anticipation of the busy holiday season, and

Kinaxis (TSX:KXS) is likely to be a beneficiary. The company is seeing an uptick in bookings after slow business during the pandemic.

Kinaxis stock dipped 6.8% in July after rallying 22% in June on the back of recovery. You could have enjoyed the 20% upside had you purchased the dip of March or May. Now is your chance to buy the dip before the stock surges post its second-quarter earnings on August 6.

SmartCentres REIT

SmartCentres REIT (TSX:SRU.UN) is a buy on any dip. This is one of the few stocks paying monthly dividends for over a decade without any dividend cuts. Moreover, it has an impressive dividend yield of over 6%. Where does it get such cash to pay dividends? The company collects rent from **Walmart** stores in some of the prime locations of Canada.

The REIT is developing those areas further by building apartments, offices, and storage facilities to make the properties more valuable. It has 60 projects under the pipeline for sale and another 196 projects (88 apartment projects and 45 senior homes) to earn recurring revenues. These revenues will fetch the money for more dividends in the future.

Dye & Durham

Dye & Durham (TSX:DND) stock corrected 11% since June 22, creating an opportunity to buy a fast-growing tech stock at a discount. The company provides cloud-based technology solutions to help legal and professional firms across the globe improve their efficiency and productivity. It appears that its solutions are working for the company itself.

The company's revenue and adjusted EBITDA increased at a compounded annual growth rate (CAGR) of 65% and 107%, respectively, in the 2016-2020 period. The catalyst behind this growth is 19 acquisitions, long-term contracts, and stable cash flow. In July, the company acquired U.K.-based real estate due diligence solutions provider TM Group for $156 million.

Dye & Durham stock has surged over 200% to just over $45 since its July 2020 initial public offering (IPO). The company is reviewing an acquisition offer of $50.50 per share it received in May. On whichever side the management decides, the current stock price is lucrative and presents an upside potential.

Chorus Aviation stock

Chorus Aviation (TSX:CHR) is a lesser-known company that leases regional capacity to **Air Canada**. The company provides commercial passenger and charter services and aircraft leasing solutions. Like other airlines, it will also benefit from the pent-up air travel demand. Instead of spending $25/share on AC, you can get exposure to the airline sector at less than $5/share.

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1. Coronavirus
2. Dividend Stocks

3. Energy Stocks
4. Investing
5. Tech Stocks

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:CHR (Chorus Aviation Inc.)
3. TSX:DND (Dye & Durham Limited)
4. TSX:KXS (Kinaxis Inc.)
5. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)
6. TSX:SU (Suncor Energy Inc.)

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pujatayal