



5 Top Stocks to Buy in the 4th COVID Wave

Description

On August 11, Canada's chief public health official [warned](#) of the fourth COVID wave, sending the stock market down. But the fourth wave is nothing like the first wave. The vaccine is effective against the Delta variant, and there won't be any nationwide lockdown. Instead, lockdowns could be in clumps, where a majority of the population is unvaccinated.

However, there is uncertainty on how the reopening will impact the virus spread. Will the vaccine create the herd immunity needed to break the spread or accelerate virus mutation? The reopening won't be smooth, but you have to take a risk and face the challenge head on.

You can make the most out of this fourth wave with these five stocks.

Air Canada stock

Air Canada ([TSX:AC](#)) survived the pandemic, its variants, and the slow vaccination. But it suffered casualties in the form of cash burn and \$6 billion in net debt. These wounds will take time to heal, but the most pressing issue at hand is flying again. The international borders are finally opening but only to fully vaccinated individuals. It will take the rest of the year to see how the reopening impacts virus spread. So, you can expect AC stock to remain volatile throughout the year. But when the world is past the pandemic, the pent-up air travel demand could see the stock ride the recovery rally of 40-50% in 2022.

Suncor Energy stock

Canada's largest oil sands company **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) was one of the biggest beneficiaries of rising oil prices. The stock almost doubled in November 2020 to May 2021 recovery rally. Suncor moved from losses to profit in the second quarter of 2021, as diesel and gasoline demand improved. The fuel demand was only 13% below the 2019 levels. This shows there is still room for recovery plus a pent-up demand boost.

Suncor stock has dipped to its November 2020 levels because of tepid recovery. But it is set to benefit when the economy starts at full capacity in 2022.

Cineplex stock

Cineplex ([TSX:CGX](#)) stock dipped 18% since July after rising over 180% in the recovery rally. The initial dip was a correction, as the Canada Revenue Agency (CRA) [reduced](#) the Canada Recovery Benefit (CRB). The dip had nothing to do with the company's performance. The theatre chain became fully operational by mid-July, with all its 160 theatres welcoming more than two million guests in three weeks.

The growth would be slow till September, as many productions houses postponed their movie releases to the fourth quarter over fears of the fourth wave. As the recovery hiccups end, the stock could surge to as much as \$18-\$20, representing 40-54% upside.

RioCan REIT stock

RioCan REIT ([TSX:REI.UN](#)) stock dipped 4.8% since July after rising over 57% in the recovery rally. The REIT took a big hit last year, as the lockdown put many small retailers out of business and forced them to vacate their stores. RioCan saw a significant dip in rental income during the pandemic peak. But it saw a recovery in the latter half of 2020. But the reduction in occupancy rate forced the REIT to cut dividends by 33%. However, the reopening in 2021 helped RioCan find new tenants for its stores, and that too at a higher rent.

RioCan REIT currently has a 96.1% committed occupancy rate, which is lower than the 2019 rate of 97.2%. This means there is room for recovery. The stock could surge to the pre-pandemic level of \$26, representing a 19% upside. You can also lock in a 4.39% [dividend](#) yield.

Magna stock

Magna International ([TSX:MG](#))([NYSE:MGA](#)) stock dipped 20% since June after rising 116% in the recovery rally. The automotive component supplier was hit by factory shutdowns and a decline in car sales. But the Joe Biden victory gave new hope to all players in the green energy and electric vehicle (EV) market. China, Europe, and the United States are still promoting the shift to EV, but the semiconductor supply shortage and tepid recovery have stalled the long-term rally.

Magna stock could surge past its recent high of \$126 and make new highs once EV sales gather momentum, representing an upside of over 25%.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Top TSX Stocks

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:AC (Air Canada)
4. TSX:CGX (Cineplex Inc.)
5. TSX:MG (Magna International Inc.)
6. TSX:REI.UN (RioCan Real Estate Investment Trust)
7. TSX:SU (Suncor Energy Inc.)

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Author

pujatayal

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