



The stock Market Is Bearish in September: Fact or Superstition?

Description

There is a stock market superstition that September is the worst month for investing. It is true that the markets worldwide showed some [bearishness](#) in September, but it's not the worst month. One possible reason for the bearishness is the fiscal year-end for most mutual funds, as they cash in loss-making holdings to get a tax benefit. The September effect is fading as the **TSX Composite Index** surged 2.4% in September 2019, but it dipped 2.19% in September 2020.

How is the TSX placed for September 2021?

In September 2020, the market [dipped](#) as the Justin Trudeau government ended the \$2,000/month Canada Emergency Response Benefit (CERB). There was uncertainty around the Canada Recovery Benefit (CRB). Moreover, that was also the month of filing taxes. The 2020 stock market rally, which was fuelled by the stimulus money, cooled as investors cashed out to pay for their expenses and taxes.

But that is not the case this year. There is no income tax filing this month. Moreover, the government has extended the revised \$300/week CRB from September 25 to October 23, 2021. The job market has also improved. So the possibility of lower liquidity in the hands of investors is ruled out.

Moreover, the borders are reopening. There is a hurdle of the fourth wave, but that could lead to phased reopening and not a complete lockdown. Another factor is pent-up demand, but the lockdown has been holding off the economic recovery. I expect bulls to charge this month.

Three stocks to buy in September 2021

The International Monetary Fund [expects](#) Canada's gross domestic product (GDP) to grow 6.3% in 2021. You should take this opportunity and buy three stocks that could ride the bull run of economic recovery. Canada is the third-largest oil reserve in the world. This means oil stocks could return to recovery after three months of decline.

Suncor stock

As Canada's largest integrated oil company, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) will benefit from the pent-up oil demand. As travel restrictions ease, people will return to flying and long drives. Demand for jet fuel, gasoline, and diesel will pump cash into Suncor's retail segment. That could drive the stock to its June high of \$30, a 28% upside.

As for its oil production segment, it is facing environmental concerns around the carbon emission from the oil sands project. The company, along with other oil producers, has laid out a \$75 billion initiative to reduce CO2 emissions. This investment could reduce shareholder returns, preventing the stock from returning to its pre-pandemic level of \$40. But I would suggest buying the stock for the 28% upside. Also, the management plans to increase dividends in the next five years.

goeasy

Canada's non-prime lending and leasing service **goeasy** ([TSX:GSY](#)) will benefit from economic growth. Last year, the company saw weakness in loan origination as many people lost their jobs, which reduced their spending. However, goeasy saw an increase in loan repayments as people used the stimulus money to pay their debt. As the economy recovers, the company is seeing the return of consumer spending habits. A glimpse of recovery was visible in the second-quarter loan originations that increased 122%.

goeasy stock has surged more than 200% in a year, and there is more growth ahead as the company benefits from the synergies LendCare acquisition brings. Plus, it expects organic growth from the buy-now-pay-later option at the point-of-sale (POS).

Bitfarms stock

The current rally of Bitcoin is getting even stronger. Some of the richest individuals in the world, like Elon Musk and Mark Cuban, back Bitcoin. El Salvador also made BTC official currency. There will be ups and downs, but BTC is here to stay. Luckily, TSX offers some lucrative options to get exposure to BTC prices. One of them is **Bitfarms** (TSXV:BITF). It operates five crypto mining facilities in Canada. The company has BTC inventory, and its stock price moves in tandem with BTC price.

If another crypto wave is on the horizon, you better hurry and grab a position in the stock while it is still cheap.

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Date

2025/08/17

Date Created

2021/09/03

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