2 Top Canadian Stocks to Buy This Month

Description

The **S&P/TSX Composite Index** is up by almost 18% year to date at writing, and with such an incredible bull run, the valuations in the market are continuing to rise. It might seem nearly impossible to find undervalued stocks in such an operating environment when most stocks are trading at or are near new all-time highs. However, I believe that the Canadian stock market has plenty of value to offer to investors, provided that they can find the right assets.

Today, I will discuss two top Canadian stocks that you should keep a close eye on this month as viable assets to consider for your investment portfolio.

Recovery stocks

The Canadian stock market was struck hard by a sudden crash with the onset of COVID-19 and the pandemic-fueled selloff frenzy in February and March 2020. Most of the stock market also recovered rapidly in a matter of months, and the benchmark index is up by over 74% from the March 2020 low.

While we're not yet in a post-pandemic era, it is only a matter of time that it will end. There may be more uncertainty for investors to face in the coming months. If you have a long investment horizon, there may be a couple of stocks that you should keep a close eye on, because the companies are well positioned to deliver market-beating growth as we move past the pandemic.

goeasy

goeasy (TSX:GSY) stock has had a terrific performance in the stock market since recovering from the pandemic-induced selloff in February and March 2020. The stock is trading for $209.35 per share at writing, up by over 600% from its 2020 low. While many publicly traded companies have delivered stellar shareholder returns during this bull market, not many have matched the pace that goeasy stock has offered.

The subprime lender has benefitted from the home and auto loans industries, as consumer demand has risen amid the economic expansion. As the economy continues to reopen, it could be even better news for goeasy stock. Even with all its recent success, the company has a long runway to offer to its shareholders in terms of capital growth.

Air Canada

Speaking of long runways, **Air Canada** (TSX:AC) had a long-time reputation for providing immense growth to shareholders through its highly valued business. Unfortunately, the onset of COVID-19 and the consistent challenges it has faced since then have devastated the returns that it can provide.

While domestic travel in Canada has started picking up, the beleaguered airline is still struggling with considerably low international flights due to the ongoing global health crisis.

The stock is trading for $23.25 per share at writing. While it is up by 87% from its March 2020 lows, the airline stock is still trading for an over 54% discount from its pre-pandemic highs. You can expect Air Canada to continue being an underperforming stock until the country can move past the pandemic.

With the ongoing vaccination, it might be possible for the stock to return to its profitable ways and deliver stellar shareholder returns. It could be a good idea to keep a close eye on the stock right now so that you do not miss out on the breakout opportunity it can offer when conditions become more favourable for the airline industry.

Foolish takeaway

Since the dip in 2020, goeasy stock has had a terrific run on the stock market. The subprime lender has surpassed its growth rate from the pre-pandemic era by miles and is set to continue delivering stellar shareholder returns.

Air Canada has been on a constant roller coaster of a run on the stock market since the pandemic struck. While the airline continues to face challenges, it looks set to become one of the breakout stocks in a post-pandemic era.

goeasy stock and Air Canada stock look like excellent investments to consider adding to your portfolio if you have a long investment horizon.

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Date
2025/07/07
Date Created
2021/09/17
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