



3 Cheap Canadian Stocks to Buy Right Now

Description

Over the last three days, the **S&P/TSX Composite Index** has increased by 1.5%. Investors' optimism over the re-election of Prime Minister Justin Trudeau, the easing of the Evergrande crisis, and the U.S. Federal Bank's announcement to continue with its expansive monetary policies have driven the equity markets higher.

Meanwhile, the Canadian benchmark index is currently up 17.4% for this year. However, few companies are still trading significantly lower than their recent highs and provide excellent buying opportunities. We will look at three such companies.

Canopy Growth

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) has lost close to 75% of its stock value from its February highs. The sell-off in the cannabis sector and lower-than-expected first-quarter performance appear to have dragged the company's stock price down. However, the steep correction provides an [excellent buying opportunity](#) for long-term investors, given the expanding cannabis market amid increased legalization.

Meanwhile, the recent acquisition of Ace Valley and Supreme Cannabis has expanded Canopy Growth's premium product offerings and strengthened its production capabilities. Besides, the company is focusing on launching new products with higher THC content and has over 100 SKUs in the pipeline.

In the United States, the company has introduced several new CBD products to strengthen its position. Besides, the company also owns warrants of Acreage Holdings. Once the U.S. government legalizes cannabis, Canopy Growth can exercise those warrants to acquire Acreage Holdings. So, its growth prospects look healthy.

However, Canopy Growth has not achieved breakeven status yet. Meanwhile, it has also taken several cost-cutting initiatives, which could deliver \$150-\$200 million in savings by the end of fiscal 2023, thus driving profitability.

Suncor Energy

Amid rising oil demand and supply worries due to two hurricanes in the Gulf of Mexico, Brent oil has crossed \$77 per barrel, representing a two-month high. Meanwhile, OPEC+ countries are working on keeping oil prices above \$70 as the global economy recovers. With oil prices expected to remain at higher levels in the medium term, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is well-equipped to benefit, given its integrated business model.

Meanwhile, the company is trading over 40% lower than its pre-pandemic levels, while its forward price-to-sales and forward price-to-earnings stand at attractive 0.9 and 8.1, respectively. Also, rising production levels, increased refinery utilization rate, favourable revenue mix, and cost-cutting initiatives could boost its financials in the coming quarters.

The company also pays quarterly dividends, with its forward yield currently standing at 3.3%. So, I believe Suncor Energy would be an excellent buy right now.

Air Canada

With the pandemic-infused travel restrictions severely denting the airline industry, **Air Canada** ([TSX:AC](#)) is still trading over 50% lower from its pre-pandemic levels. Meanwhile, I believe investors with more than two years of investment horizon can buy the stock given its attractive forward price-to-sales multiple of 0.7 and the improving business environment.

Amid widespread vaccination and falling COVID-19 cases, the Canadian government has relaxed some of the harsh travel restrictions, which could boost passenger demand in the coming quarters. Meanwhile, Air Canada has restarted its service to several destinations worldwide.

It has also planned to strengthen its cargo division by adding more planes amid rising demand. With its [liquidity standing at \\$9.8 billion as of June 30](#), its financial position also looks healthy. So, the company is well-equipped to deliver superior returns over the next two years.

CATEGORY

1. Cannabis Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:AC (Air Canada)
4. TSX:SU (Suncor Energy Inc.)

5. TSX:WEED (Canopy Growth)

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Author

rmanjapla

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