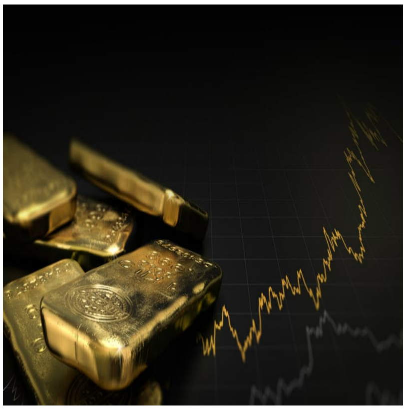

Air Canada and Barrick Gold: Still Dirt-Cheap Stocks As Markets Rebound

Description

If you didn't do some buying earlier this week, there's a chance you may have missed a bottom in the Evergrande-induced pullback. And that's thanks in part to U.S. Fed Chairman Jerome Powell. Did Powell cut the "correction" that almost everybody on Wall Street saw coming? Or is this mere upward volatility at the start of a trend that could continue lower into year's end? Of course, nobody knows the answer. But there is a good chance that Powell's words could have dampened the latest pullback, if not marked a bottom entirely.

Regardless, investors should continue to take advantage of recent dips in quality **TSX** stocks while they still can. And in this piece, we'll check out two that are still cheap as markets look to close out a rocky September in the green.

Air Canada

Air Canada (TSX:AC) is the riskiest name on this list, but it arguably has the most upside over the next 12-18 months. As the Delta variant looks to peak over the coming weeks, the airlines and other reopening stocks could be due to get a bit of a relief rally. Still, there's no telling what comes after this current Delta wave of COVID. Could another potentially more insidious variant of concern strike in the winter? It's possible.

Nobody seems to know what to expect with this pandemic. It remains highly unpredictable, and as a result, Air Canada remains tough to get behind despite having the federal government standing in its corner with investment and support.

Over the medium term, Air Canada's trajectory is likely to be dictated by how bad the pandemic gets. As the nation rolls out vaccine passports and measures to reduce the spread of COVID without having to shut everything down, I think Air Canada has the means to sustain a robust rally.

In any case, investors should look to average into a full position over time, as the air travel recovery trajectory is still hazy. If things go well, however, Air Canada stock could really lift off. Of course, you'll need to pay the price of excess volatility and the potential for major downside risks.

If you're young and can sleep well at night with AC stock in your portfolio, only then would I think about getting greedy with the name at these levels.

Barrick Gold

How low can **Barrick Gold** (TSX:ABX)(NYSE:GOLD) go? That's the million-dollar question that we wish we had the answer to. Unfortunately, the stock is back into a rut, plunging 2.2% on a more cheerful day for the broader markets.

While Barrick gold is one of the best-run miners in the world, its price is heavily influenced by gold. Gold prices are tough to pinpoint. And you'd be best-served by not attempting to forecast its next move because odds are, you'll be wrong.

That said, I am a fan of gold as a portfolio diversifier. I think it can improve your overall risk/reward with a single-digit percentage position. While Bitcoin may have more appeal, the benefits of gold as an investment should not go unnoticed. Holding it in periods of increased volatility and panic could really pay off. For now, gold is out of fashion, as are miners like Barrick.

Now with a 2% dividend yield, I'd look to be a buyer if your precious metals exposure is on the lower end. I don't know if gold is heading back to US$2,000 per ounce. But I do think that the risk/reward in Barrick is attractive, assuming gold doesn't violently implode on itself. Even if it did, odds are markets would be roaring, and with a diversified portfolio, you'd still be a net winner.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)
3. TSX:AC (Air Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. arosenberg
2. joefrenette

Category

1. Investing

Date
2025/07/04
Date Created
2021/09/24
Author
joefrenette