



Top 3 Canadian Stocks to Buy in 2021

Description

This year, you have a \$6,000 limit on Tax-Free Savings Account (TFSA). September is a ripe time to buy certain stocks that have dipped in the [market correction](#) and are set to ride the recovery rally. The next six months could see a seasonal rally and a pandemic recovery. You can get exposure to their upside with three stocks:

- **Air Canada** ([TSX:AC](#))
- **RioCan REIT** ([TSX:REI.UN](#))
- **Hive Blockchain Technologies** ([TSXV:HIVE](#))(NASDAQ:HVBT)

Air Canada stock

Like all other airlines, Air Canada is seeing a recovery in demand as travel restrictions ease. Many governments have permitted leisure travel to fully vaccinated individuals. Although the oil price is rising to a level last seen in 2016, it will be partially offset by operational efficiency Air Canada brought during the pandemic.

If you are looking for favourable fundamentals, like earnings, cash flow, and lower debt, Air Canada is not a stock for you. In other words, Air Canada is a stock to buy for a short-term only to benefit from the recovery rally. The next six to nine months could see a significant recovery rally as the airline enjoys pent-up demand. The demand may not bring the airline back to profits, but it would reduce the cash burn and help it avoid taking on new debt.

I [expect](#) the stock to cross \$30, taking a conservative approach, and reach as high as \$40, taking a bullish approach. This represents a 25%-65% upside. It means a \$1,000 investment could become \$1,250 or \$1,650. But the risk is high as the rally is not backed by fundamentals. In the worst-case scenario, the stock might fall 16% to \$20, reducing your \$1,000 investment to \$850. There is a greater upside than a downside, making it a stock to invest in this year.

RioCan REIT

The next Canadian stock worth investing in is RioCan REIT. The REIT has a portfolio of retail properties in the Greater Toronto Area, Ottawa, Calgary, Montreal, Edmonton, and Vancouver. All these are prime areas and enjoy higher rent and occupancy. However, the pandemic put RioCan in soup as lockdown forced retailers to close their shops. The pandemic pushed the REIT from a profit of \$775.8 million in 2019 to a loss of \$64.8 million in 2020. This was worse than the 2009 crisis when RioCan reported a net profit of \$113.9 million.

As the economy reopens, the occupancy rate is rising, and so is rent. This recovery pushed RioCan to a net profit of \$145.3 million in the [second quarter](#). This recovery drove RioCan stock 46% since November 2020. Despite this, the stock is trading 25% below the pre-pandemic level. Its rival **SmartCentres REIT** stock has returned to the 2019 levels.

RioCan is taking time as the REIT cut dividend last year. This is a good time to grab the stock and enjoy a 25% rally in the short term and a 4.4% dividend yield in the long term.

Hive stock

Hive stock is highly volatile as it depends on the Bitcoin and Ethereum price. After all, the company mines these cryptocurrencies and earns profit by selling their crypto inventory. It's almost a year, and Bitcoin fever is not easing despite a regulatory crackdown. Rather, the crypto revolution has forced regulators and billionaires to consider it as an alternative to fiat money.

The crypto revolution is in its early stages, and there could be a 90% downside if it turns out to be a bubble. But holding crypto has rewarded long runners. There is no harm in parking an amount of around \$200-\$500 in Hive.

But when you invest in Hive, be prepared for the value to fall. You need to have patience as the upside could double or triple your money in a few months.

Foolish takeaway

The three stocks are very different from each other and have different investment strategies. Make the most of the three stocks by adopting the above strategies.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
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TICKERS GLOBAL

1. TSX:AC (Air Canada)

2. TSX:REI.UN (RioCan Real Estate Investment Trust)
3. TSXV:HIVE (Hive Blockchain Technologies)

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