3 Hot TSX Stocks to Buy in October 2021

Description

Don't let the ongoing market weakness deter you. A minor pullback is justified after such a remarkable rally since last year. Investors should ignore the short-term chaos and focus on the long-term growth potential. Here are three top **TSX** stocks that could outperform in the long term.

Canadian Natural Resources

Global markets have now started seeing crude oil touching US$100 per barrel in the near future. **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) could benefit remarkably should that materialize.

Crude oil has breached US$80 per barrel levels, with demand recovering faster than expected. Also, major oil-producing countries have recently conveyed their disagreement about increasing the supply. So, energy markets could see crude rallying far higher, driven by increasing demand amid re-openings and limited supply.

Canada's biggest energy company, Canadian Natural Resources, will likely see improved earnings growth in the second half of 2021. Higher production and rallying energy commodity prices could benefit its free cash flows significantly. Natural gas is also trading at multi-year high levels, which again could notably boost CNQ's financials.

CNQ stock has rallied more than 130% in the last 12 months. It pays a stable dividend yield of 4%, higher than **TSX** stocks at large.

Bombardier

Bombardier (TSX:BBD.B) has been the top gainer stock in the **S&P/TSX Composite Index** in the last 12 months. It has gained more than 540% in this period, while TSX stocks, on average, have gained a mere 24%.

The stock could continue to gain, at least in the short to medium term given its long-term downtrend. Bombardier got rid of many loss-making verticals in the last few years amid its huge debt burden. It now makes business jets, and the turnaround seems to have gotten a good start. In Q2 2021, Bombardier reported 25% revenue growth, its highest in more than 20 quarters.

It is still too soon to determine its long-term recovery and could therefore be a risky bet for conservative investors. But its attractive valuation and strong reversal prospects could reap big rewards for aggressive investors.

B2Gold

Some might think that gold is not the place to be in right now. That's partially true given the impending economic recovery and rallying stocks. However, some quality gold stocks are trading at notably cheaper valuations. This could be an attractive opportunity to grab them while they are cheap.

Consider Canadian gold miner **B2Gold** (TSX:BTO)(NYSEMKT:BTG). The stock has fallen 50% in the last 12 months, in line with the sectoral weakness. Interestingly, it is currently trading six times its earnings, which look notably discounted compared to peers.

In the first quarter of 2021, the company reported revenues of $724 million, a drop of almost 12% against the same period last year. Additionally, its net income came in at $159 million for the same period, a nearly 20% decline compared to 2020. The drop was evident given its lower production and subdued yellow metal prices. However, a lower valuation of the BTO stock indicates that the downside from here could be limited.

B2Gold is a low-cost miner that operates three high-quality mines in Mali, Namibia, and the Philippines. It aims to produce approximately one million ounces of gold this year. It has a strong balance sheet and boasts a stable dividend profile. BTO yields 4.8% at the moment, one of the highest yields in the industry.

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1. Dividend Stocks
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1. NYSE:CNQ (Canadian Natural Resources)
2. NYSEMKT:BTG (B2Gold Corp.)
3. TSX:BBD.B (Bombardier)
4. TSX:BTO (B2Gold Corp.)
5. TSX:CNQ (Canadian Natural Resources Limited)

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