



3 Stocks on Sale!

Description

The Canadian stock market has trended higher on the back of solid liquidity, lower interest rates, recovery in corporate earnings, increased economic activities, and higher consumer demand. Despite the rally, a few **TSX** stocks are still trading at significant discounts from their highs and look attractive at current price levels.

Here I'll focus on three such Canadian stocks that, in my opinion, are offering good value at current price levels. These stocks include **Suncor** ([TSX:SU](#))([NYSE:SU](#)), **Air Canada** ([TSX:AC](#)), and **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)) to your portfolio now.

Suncor Energy

Shares of Suncor Energy took a massive hit due to the pandemic. However, the stellar growth in crude prices and increased economic activities have driven its price higher. Despite the buying, Suncor stock is still trading under \$30, which reflects a steep discount to its pre-pandemic levels.

I am bullish on Suncor's long-term prospects, especially amid an improving economic environment, and expect it to [outperform](#) the benchmark index. Its integrated assets, favourable product mix, and positive long-term energy outlook bode well for growth.

Moreover, Suncor's investments in the base business, its focus on lowering its operating breakeven costs, and margin improvements will likely drive its profitability and stock price. Furthermore, its robust capital-allocation plan, including targeted debt reduction, share buybacks, and regular dividend payments should continue to drive the investors' returns.

Absolute Software

Absolute Software has corrected significantly from its peak and looks highly [undervalued](#) at the current levels. The stock is trading at the next 12-month EV/sales multiple of 2.0, significantly lower than its historical average and peer group average.

The selloff in tech stocks post the stellar rally and expected normalization in demand amid economic reopening weighed on Absolute Software stock.

Despite the easing of stay-at-home mandates, I expect the demand for its security products to remain elevated due to the rapid digitization and increase in cybersecurity incidents. Furthermore, its annual recurring revenue (ARR) will likely remain strong. Its large addressable market, solid pipeline of new products, and cross-selling opportunities bode well for growth. Further, strategic acquisitions will likely boost its ARR, diversify its product portfolio, and strengthen its competitive positioning in high-growth markets.

Air Canada

Like Suncor, Air Canada stock is also trading at a significant discount from its pre-pandemic levels. While the ongoing vaccination and reopening of domestic air travel have helped the Air Canada stock recover from the pandemic lows, the resurgent Delta variant of the virus continues to restrict the upside.

Air Canada stock has declined about 14% in three months despite reporting improved financials on a sequential basis. I remain upbeat on Air Canada's long-term prospects and expect its financials to recover fast as its operations normalize.

I believe the acceleration in vaccination and reopening of international borders will significantly boost air travel bookings and provide a solid platform for growth in Air Canada stock. I expect to see a sharp improvement in its capacity, while net cash burn will likely decline. Meanwhile, Air Canada's focus on revenue diversification through its growing cargo business, cost-saving measures, and solid liquidity will further help it to boost its financials and survive the near-term challenges with ease.

CATEGORY

1. Coronavirus
2. Energy Stocks
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ABST (Absolute Software)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ABST (Absolute Software)
4. TSX:AC (Air Canada)
5. TSX:SU (Suncor Energy Inc.)

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Author

snahata

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