The 2 Best Canadian Stocks to Buy in December 2021

Description

Despite recent downside correction, Canadian stocks have largely traded on a solid note in 2021 so far. The **TSX Composite Index** posted its all-time high near 21,796 in mid-November before turning downward. While stock investors seem to be worried about Omicron — the newly identified coronavirus variant — these short-term worries might not have a major impact on the long-term growth outlook of many fundamentally strong companies. Given that, let's look at two such Canadian stocks that I find worth buying as we move into December 2021.

Suncor Energy stock

Suncor Energy (TSX:SU)(NYSE:SU) is a Calgary-based energy company with a market cap of about $47 billion. While its stock is trading with nearly 50% year-to-date gains at $31.95 per share, it turned slightly negative in November.

In the third quarter, improved business environment and high refinery utilization rate helped Suncor generate higher funds from operations of about $2.6 billion. The company's upstream production rose to 698,600 boe/d (barrels of oil equivalent per day) during the quarter from 616,200 boe/d a year ago. The strong performance of its Situ assets and increased production volumes at Syncrude helped Suncor achieve higher production.

In 2020, its total revenue fell by 36% year over year as COVID-19 woes drove the energy demand and oil prices lower. Nonetheless, with the ongoing recovery in the energy demand and oil prices, its revenue is expected to grow by 60% this year to $40.2 billion — even higher than its 2019 revenue level. These factors could help Suncor Energy stock inch up in the near term. Also, its consistent earnings and revenue growth could keep its stock soaring in the long term.

Canadian Natural Resources stock

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) could be another great Canadian stock to buy in December 2021. Currently, this energy firm has a market cap of about $63 billion as it trades at

$53.43 per share with massive 75% year-to-date gains. By comparison, the main TSX index has risen by only 21% in 2021.

In the last few quarters, its operational performance has improved significantly. As a result, the company posted strong quarterly adjusted funds flow of about $3.6 billion in the third quarter. Canadian Natural's adjusted net profit for the quarter stood at $2.1 billion — more than doubled from a year ago and also much better than analysts' consensus estimates. Notably, CNQ has consistently been beating Street's earnings estimates for the last six quarters.

Canadian Natural's management has increased its focus on improving its balance sheet lately. In line with this plan, the company reduced its net debt by nearly $2.3 billion in Q3 compared to the previous quarter. Moreover, its rising production and improving the efficiency of efficient operations could continue to help the company post stronger earnings growth in the coming quarters.

While CNQ stock has already risen sharply this year to trade near its record highs, its consistently improving fundamentals could keep its stocks rally going. That's why long-term investors may want to add this amazing Canadian stock to their portfolio right now.

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