2 TSX Stocks Bound for a Rebound

Description

If there's one area where Motley Fool investors should be looking for deals, is anything and everything related to the pandemic. And by that I mean those **TSX** stocks trading down during this time. While on the one hand I wouldn't recommend companies that are on the verge of collapse, there are certainly ones that offer a huge deal.

The main reason? It's temporary. Whereas cryptocurrency could turn into a bubble, supply chain demands could remain solid, and inflation could affect the future, COVID-19 will eventually be gone. Herd immunity will eventually happen. And when it does, these two TSX stocks stand to benefit.

Air Canada

You knew I was going to start here. Because how could I not? **Air Canada** (TSX:AC) offers a substantial opportunity for patient Motley Fool investors willing to hold it among their TSX stocks. But that's the thing: you need to be patient and plan to hold it for about a decade. That's not to say that it will remain down until then, but if you want substantial gains then I'd plan for that amount.

Here's why. Air Canada stock does have the chance to double in the new year, sure. I recently wrote about it here. As the Omicron variant drags Air Canada stock down, should current vaccines prove effective, a rebound could send shares back up among TSX stocks. On top of that, Air Canada stock recently returned government aid in favour of a $7.1 billion financing package on its own terms.

Then there are the numbers to consider. Air Canada stock recently saw revenue nearly *triple* year over year. During that time, the seating capacity increased 87%, and bookings are now back at 2019 levels. That is enormous news! And yet Motley Fool investors remain skeptical about getting in on the stock as the pandemic rages on.

But I'll repeat myself and state that if you're patient, today's situation remains temporary. There are clear signs of a rebound for Air Canada stock, so I would consider it one of the best TSX stocks to buy for the next decade.

Aecon

Another area that's been hampered by the current pandemic is the infrastructure industry. TSX stocks in this sector aren't able to get back to work, creating a massive backlog in projects. But that backlog will come online when the pandemic comes to an end, with clear improvements in the meantime.

One company seeing these improvements is **Aecon Group** (TSX:ARE). Aecon all but collapsed as a new variant came on the books, and it's now in oversold territory. That's despite having a solid portfolio of projects that will see revenue come in for over a decade at least.

During the last quarter, Aecon managed to be one of a few TSX stocks that beat earnings estimates. Revenue increased 12% year over year to $1.163 billion, and a backlog of $6 billion in projects. It was also awarded $682 million new contracts.

So why is it trending so far down? Aecon stated the pandemic has caused a delay in the Coastal GasLink Pipeline Partnership, of which it owns a 50% interest in SA Energy Group building the pipeline, which could affect near-term earnings.

Shares of the company are now down 22% from 52-week highs, offering a substantial discount among TSX stocks. And with a dividend yield of 4.3%, and a valuable P/E ratio of 15.28, it's one I would consider buying at these levels for your long-term portfolio of TSX stocks.

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1. Coronavirus
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2. TSX:ARE (Aecon Group Inc.)

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Date
2025/08/24
Date Created
2021/12/02
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