



2 Canadian Stocks I'd Buy for a 2021 Santa Rally

Description

After ending November 2021 with a bit of turbulence, the stage definitely seems set for a 2021 Santa rally, as investors move on from Omicron fears. Undoubtedly, the new variant is more contagious, but early data shows it to be less severe. Indeed, precautionary measures may be necessary, but at this juncture, it's clear that the odds of further full-blown lockdowns are next to nil, at least for the time being. Does that mean a future variant can't cause further economic disruptions or added supply chain woes? Probably not, but for now, the market seems content with a variant that may be less disruptive to the economy than the likes of past variants, including Delta.

Indeed, there's only the early data to go by with the Omicron variant. Still, the choppy start into December may be short-lived, as dip buyers look to punch their ticket ahead of what could be one of the best Santa rallies for markets in a few years. High-multiple growth stocks, like those in Cathie Wood's ARK Invest Funds, may remain under pressure. Still, for broader markets and reasonably valued stocks that were unfairly hit, the path of least resistance seems to be in the upward direction.

In this piece, we'll have a look at two Canadian stocks that could have room to run in a 2021 Santa rally. Consider deep-value play **Alimentation Couche-Tard** (TSX:ATD.B) and **BCE** ([TSX:BCE](#))([NYSE:BCE](#)).

Alimentation Couche-Tard

Couche-Tard is a convenience store kingpin that's so much more than meets the eye. The stock has continued raking in solid profits, even through horrific headwinds. Despite this, the stock has continued to stumble, with the price-to-earnings multiple contracting towards the lower end of the historical range. Indeed, this multiple compression as a result of lacklustre action in the stock and continued earnings growth may be unsustainable, especially once investors gain a better understanding of the growth profile.

The convenience store space is about to change profoundly, with electric vehicles (EVs) and next-generation technologies, ranging from frictionless payment solutions to 15-minute delivery services. Undoubtedly, Couche-Tard isn't known for its tech prowess. But with an incredible management team

and a knack for experimenting with futuristic concepts, I think investors are wrong to doubt the firm's abilities to adapt, as the convenience store looks to get its biggest makeover ever.

The stock trades at 15.9 times trailing earnings — not at all indicative of a high-growth stock.

BCE

BCE is the telecom titan we all know and love. The stock boasts an incredibly bountiful 5.3% dividend yield. Although the firm's growth has been lacklustre over the past several years, the stock and its well-supported and growing dividend are more than enough reason to get behind the name, especially with the high rate of [inflation](#).

The company has a dominant position on the Canadian 5G front, with enviable speeds and improving availability. Still, the Big Three still have room to grow with the continued rollout of 5G infrastructure. The continued 5G trend could last many years. And with that, the stock may be in a spot to appreciate at a quicker rate than in the past. Undoubtedly, COVID was a major bump in the road for BCE. As the reopening continues, though, more consumers who've yet to move from LTE to 5G will be ready to make the jump. And BCE will be in a spot to profit.

The stock trades at 20.2 times trailing earnings. It's not cheap, but versus fixed-income debt securities, BCE stock is a magnificent [defensive](#) way to reduce the impact of inflation. As the reopening resumes, look for BCE to make a breakout towards new highs.

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