



2 Stocks to Buy as a Part of a Santa Rally!

Description

Even as the **TSX Index** continues marching higher once again following a turbulent start to the month, investors should be cautious when it comes to the high flyer, including those that seemed unfazed by the recent Omicron variant-driven bout of volatility. Indeed, valuation always matters, and with markets shrugging off fears about the new variant and its potential to cause further disruptions to the economy's ongoing recovery, fear and panic seem to be replaced by optimism — perhaps too much optimism, with markets bouncing back at a rate nearly faster than it pulled back in the back half of November.

Undoubtedly, it's hard not to be sanguine now that Omicron is [starting](#) to look less benign than originally expected. Early data suggests the variant is more infectious but less virulent. With that, full lockdowns in America (and Canada) seem less likely today than just one week ago.

With Omicron jitters now out of the way, it looks like Santa Claus may finally come to town for markets. As optimism and greed begin to replace fear and panic, investors may wish to proceed with cautious optimism, scooping up the undervalued bargains that remain while trimming at the names that have become too frothy.

In this piece, we'll concentrate on two solid Canadian stocks that I believe could have much room to run should the broader TSX finish off the year with strength. Indeed, the holidays are closing in, and with that, the Santa rally could propel many names across the board after a past quarter that can only be described as somewhat choppy.

Consider shares of **Restaurants Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) and **Agnico Eagle Mines** ([TSX:AEM](#))([NYSE:AEM](#)).

Restaurant Brands

Restaurant Brands International is a fast-food powerhouse that may have walked away with one of the biggest bargains of the year with the acquisition of lesser-known sandwich shop Firehouse Subs in a deal worth US\$1 billion. Coincidentally, the other firm also mentioned in this piece, Agnico Eagle, also

acquired an incredible asset for a deal that could prove to be too low.

Indeed, Firehouse Subs may not be known to those outside of the brands' operating markets. Still, there's a lot to love about the expansion potential. Indeed, Firehouse Subs resembles more of a Quiznos than a Subway. Indeed, talks between Restaurant Brands and Subway were rumoured to have fallen through, likely due to the price tag, which would have been quite hefty.

Firehouse Subs is a more bite-sized acquisition that could unlock new growth pathways. Indeed, Restaurant Brands already has its hands full with its trio of brands in Tim Hortons, Popeyes, and Burger King. But with a fourth brand that's a great complement, I think QSR stock and its long-term growth profile are severely undervalued. After another year of weak results, I think Santa could be kind to the fast-food firm, as Omicron fears subside and reopening comes back into focus.

Agnico Eagle Mines

Agnico Eagle Mines is a gold producer that reached an agreement to combine with **Kirkland Lake**, another top-notch producer with magnificent assets. Indeed, Agnico Eagle has been feeling considerable pressure thanks to the recent weakness of gold prices, which I view as temporary, given inflation could persist for longer.

Gold has likely flopped due to **Bitcoin** and its status as millennial gold. Once crypto goes into its next cyclical decline, gold could shine again. Until then, Agnico is a deep-value play that should not go ignored, especially for metal-light portfolios that could use an inflation-fighting [jolt](#).

CATEGORY

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2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:AEM (Agnico Eagle Mines Limited)
4. TSX:QSR (Restaurant Brands International Inc.)

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