



## Got \$1,000? Buy These 3 Cheap Canadian Stocks as the Market Looks to Rebound

### Description

Yesterday, Joe Biden, president of the United States, announced that people with booster doses are highly protected against the Omicron variant. The president added that the government had taken appropriate steps, such as deploying additional medical personnel and purchasing around 500 million at-home COVID test kits, to combat rising COVID-19 cases. With these measures in place, the president reiterated that he wouldn't be introducing a forced lockdown, like March 2020.

These announcements appear to have improved investors' sentiments, driving the markets higher on Tuesday. So, as the market looks to rebound, here are three cheap Canadian stocks you can buy right now.

### Suncor Energy

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) has witnessed a strong buying this year, with its stock price rising over 45%. Despite the surge, the company still trades at a significant discount from its pre-pandemic levels. Its valuation looks attractive, with its forward price-to-earnings multiple standing at 7.1.

Meanwhile, amid the recovery in energy demand, oil prices have increased and are trading around US\$70 per barrel. Given its long-life, low-decline assets, Suncor Energy is well equipped to benefit from higher oil prices. Also, the company's management [expects its production to improve by 5% next year](#), while refinery throughput could also increase amid rising consumer demand. The decline in debt levels and increase in share-repurchase targets could also boost the company's financials in the coming quarters.

Meanwhile, Suncor Energy also pays a quarterly dividend, with its forward yield currently standing at 5.4%. So, given its healthy growth prospects, attractive valuation, and healthy dividend yield, [I am bullish on Suncor Energy](#).

## Enbridge

As my second pick, I have opted for **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), a Dividend Aristocrat. The company has raised dividends for the previous 27 consecutive years, with its forward yield currently at an impressive 7.12%. It operates over 40 diverse revenue-generating assets, with around 98% of its earnings generated from cost-of-service and contracted agreements. With these regulated, diversified assets generating predictable cash flows, the company has raised its dividend consistently.

Meanwhile, Enbridge is progressing with its secured capital program of \$9 billion and expects these projects to become operational over three years. Along with these investments, the increase in the throughput of its liquid pipeline segment due to higher oil demand could boost its financials in the coming quarters.

Meanwhile, the management expects Enbridge's DCF per share to grow at a CAGR of 5-7% through 2024, thus allowing the company to continue its dividend hikes. So, given its healthy outlook, attractive forward price-to-earnings multiple of 15.8, and high dividend yield, I believe Enbridge would be an excellent addition to your portfolio.

## Air Canada

With Omicron continuing to wreak havoc worldwide, the passenger airline industry, including **Air Canada** ([TSX:AC](#)), continues to suffer. Currently, the company trades at over 55% lower than its pre-pandemic levels, while its forward price-to-sales multiple stands at 0.5. Despite the near-term challenges, I am bullish on Air Canada. With its \$14.4 billion of liquidity, the company is well funded to overcome these near-term challenges. The International Air Transport Association projects airline companies continue to post losses in 2022. However, these losses could contract compared to 2021.

I expect passenger demand to rise in the coming quarters amid an improvement in economic activities. Meanwhile, Air Canada announced an increase in its operating capacity for the fourth quarter. Along with top-line growth, its cost-cutting initiatives could drive its financials in the coming quarters. Given its attractive valuation, I expect Air Canada to deliver superior returns over the next three years.

### CATEGORY

1. Energy Stocks
2. Investing

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