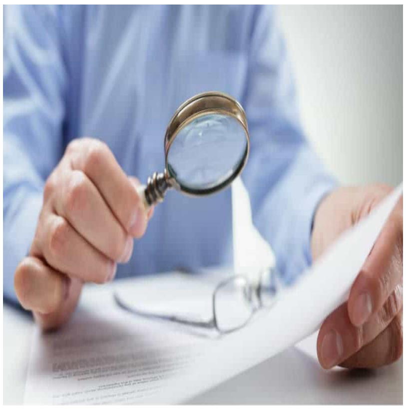

2 Broken TSX Stocks to Watch Closely

Description

In this piece, we'll have a look at two of the best TSX stocks that may be "broken" from a technical perspective but have businesses that are doing just fine and should be in a great spot to bounce back once Mr. Market has the opportunity to calm down. Indeed, the path ahead could prove rocky with more interest rate hikes in the forecast.

Without further ado, please consider **CAE** (TSX:CAE)(NYSE:CAE) and **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) — two robust firms with sagging stocks.

CAE

CAE shares have been under a considerable amount of selling pressure over the last several months, despite the retreat in Omicron cases. While the reopening trade may be off the table, for now, I don't think it will take long for such names to heat up again.

For those unfamiliar with the firm, it's a simulator tech firm that also provides training services for airlines. Indeed, the global travel recovery has been in a bit of a rut over the past year. While business travel may be permanently altered, I think that there's still a lot of pent-up travel demand that could be met this summer. Indeed, the airlines are a great way to play such a recovery, but CAE, I believe, is a more prudent bet, given its solid balance sheet and defence business, making it less sensitive to near-term COVID outbreaks. Yes, outbreaks can still happen. We're not out of the pandemic yet, and although the Omicron "stealth" variant could become a concern later on, Dr. Anthony Fauci doesn't see it causing a severe outbreak — at least not anytime soon.

For now, I view CAE as an intriguing reopening stock with a modest multiple. The $10.1 billion company is underrated and is currently down just shy of 25% from its all-time high just north of the $40-per-share mark.

Restaurant Brands International

Speaking of misunderstood reopening stocks, Restaurant Brands International has been dragging its feet yet again. Undoubtedly, it's been a fast-food laggard, with many of its peers ready to move on from COVID headwinds. Despite being a relative laggard, I think the stock has more room to run once COVID headwinds fully abate in the latter half of 2022.

You see, Restaurant Brands was caught in the wrong place at the wrong time. Tim Hortons and Popeyes aren't really known for their drive-thru prowess. Management is taking steps to bolster the loyalty program, and as more people return to dining rooms, I think QSR could surprise to the upside sometime soon. As COVID dwindles further, the masks are coming off, and pre-pandemic levels of normalcy could close in. The implications on a restaurant firm like QSR could be enormous.

For now, QSR stock is stuck in the gutter at around $70 and change per share. While I'm not the biggest fan of management, I think that it's tough to pass up the incredible brands under the banner. Also, the nearly 4% dividend yield is a very enticing proposition for value-conscious income investors looking to combat inflation.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CAE (CAE Inc.)
2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:CAE (CAE Inc.)
4. TSX:QSR (Restaurant Brands International Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Investing

Date
2025/07/20
Date Created

2022/03/24

Author

joefrenette