



2 Top Stocks for January 2021

Description

Want to get the year started off right?

Are you thinking about the stocks you want to pick up next year?

These three Canadian stocks ought to be on your radar, if this is the case. With so many great value options available on the TSX, it's hard to choose a list of just three. That said, I'll do my best. Here are my top three picks for investors looking to get 2021 started with a bang.

Kirkland Lake Gold

As I wrote about in a [previous piece](#), **Kirkland Lake Gold** (TSX:KL)(NYSE:KL) is a great pick for every investor. Some investors may think this is only a play for gold bugs. In fact, nothing could be further from the truth.

Gold stocks are now trading at a three-decade low, relative to the price of gold. Companies like Kirkland Lake are extremely undervalued at these levels. Investors appear to be factoring in a long-term price of gold in the US\$1,400 to US\$1,500 range. This is simply out of whack with reality, both in terms of where gold prices are today and where they are likely headed in the future.

Stimulus is only going to pick up. The average Canadian or American Joe can't survive without stimulus today. Stimulus checks continue to be printed, and this requires more debt accumulation and money printing. Until the printing presses are turned off, gold will continue to be supported at higher levels.

These macro trends will not relent, perhaps ever. We've entered a new phase of monetary and fiscal stimulus. Gold is not only a hedge; it's a great investment over the long term for investors looking for stability. The returns on gold have been sub-standard but have done their job in holding steady during periods of volatility. I expect more volatility on the horizon and think we're a long way out from this recession coming to an end. Loading up on Kirkland Lake is a great way to get some defensive exposure.

Enbridge

From a value perspective, few investments look as good as **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) right now.

The energy sector continues to be depressed as a result of the coronavirus pandemic and low commodity prices. The reliability of counterparty payments to Enbridge has come into question. Indeed, the viability of the business models of so many of the company's upstream partners has become a problem for energy transportation companies like Enbridge.

That said, there's a lot to like about Enbridge's business model. This company is perhaps the best way to get exposure to the energy sector without direct exposure to commodity prices. The dividend Enbridge pays is well covered and looks cheap relative to long-term earnings growth. This earnings growth is expected to come from new projects as well as price improvements over time.

If the price of oil does continue to rebound and steady, long-term investors could do very well with Enbridge. In the meantime, this stock pays investors a juicy 8% dividend to sit and wait.

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1. Energy Stocks
2. Investing
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4. Top TSX Stocks

POST TAG

1. dividend stock
2. energy
3. Gold
4. market crash
5. recession

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2. TSX:ENB (Enbridge Inc.)

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