



RBC Capital Markets' Favourite Stocks for 2014: Part 2

Description

Every year, each of **RBC's** ([TSX:RY](#))([NYSE:RY](#)) equity analysts are asked to pick their favourite stock in their respective sector. And in a previous article, we highlighted their [favourite retailer, industrial, and non-bank financial](#).

Today, we highlight the analysts' favourite bank, energy company, and miner.

Favourite bank: TD

There is a lot to like about **TD Bank** ([TSX: TD](#))([NYSE: TD](#)). The company has one of the best track records of any of the big five banks over the past 10 years, and shareholders have been rewarded handsomely as a result. Over the past decade, shareholders have earned more than 10% per year, well ahead of the Canadian bank average.

TD's strength is retail banking. In Canada, TD has arguably the strongest retail franchise of any of the banks. While the United States operations are not as profitable, they do provide an excellent opportunity for earnings growth. TD stands to benefit as the United States economy recovers, and as the bank grows south of the border, it should be able to achieve greater economies of scale too.

Favourite energy company: Suncor

Last year was a good one for Canada's largest energy producer, **Suncor** ([TSX: SU](#))([NYSE: SU](#)). Crude production jumped 24% in 2013, and better yet, net earnings increased 42% relative to 2012. Shareholders will be rewarded for these results with increased dividends and share buybacks this year.

Last year, oil sands accounted for 70% of Suncor's production, up from 65% in 2012. This makes the company more sensitive to price differentials that apply to Alberta's crude. So President Obama's decision has an increasing effect on the company's future. Certainly this is something for Suncor's investors to remain wary of.

Favourite miner: Teck Resources

The past few years has been a time to forget for **Teck Resources** (TSX: TCK.B)(NYSE: TCK) and its shareholders. Slowing growth in China has put downward pressure on Teck's products, resulting in decreasing earnings and share prices. Teck shares currently trade in the low \$20s; in 2011, the shares exceeded \$60.

There is a lot of concern that the news from China could get even worse – if it does, then that would be more bad news for Teck. But there is one major factor working in the company's favour. Declining prices affect Teck's competitors too, which could lead to decreased supply. Ideally, this will provide pricing support for Teck's products longer term. This is especially the case in metallurgical coal, which accounts for nearly half of Teck's gross profit.

Foolish bottom line

These names should already be very familiar to most Canadian investors, and with RBC's endorsement, they should merit even more attention. But time will tell if the analysts made wise picks; even the best analysts can make very poor selections.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:SU (Suncor Energy Inc.)
3. TSX:TD (The Toronto-Dominion Bank)
4. TSX:TECK.B (Teck Resources Limited)

Category

1. Investing

Date

2025/07/27

Date Created

2014/04/08

Author

bensinclair

default watermark