



Top Financial, Energy, and Materials Picks for 2015

Description

As we head into the closing days of the trading year, I must say, 2014 has been one for the history books.

Year-to-date, the S&P TSX Composite Index is effectively flat, and investors are looking at their portfolios in disbelief, considering the index was up 15% at the end of August.

The first eight months of the year were fantastic. Lofty oil prices and record bank earnings drove the Canadian heavy weights to all-time highs. Despite the expensive gas prices, investors were all smiles as they headed to the cottage.

The energy stocks peaked around the middle of June, but the sector continued to hold up reasonably well until the kids had to go back to school.

Financial stocks got an extra boost just about the time the leaves began to change as the sudden oil rout sent money searching for a safe home. Disappointing earnings and gloomy 2015 forecasts from the big lenders have since put a halt to the sector rotation into the banks.

As for the materials sector, 2014 has essentially been a write-off. Commodity prices are in the dumps and most Canadian miners are under water for the year.

With two weeks to go, the TSX looks like it could finish the year in the red and many investors are wondering what to do for 2015.

Let's take a look at the reasons why **The Bank of Nova Scotia** ([TSX: BNS](#))([NYSE: BNS](#)), **Suncor Energy Inc.** ([TSX: SU](#))([NYSE: SU](#)), and **Potash Corp./Saskatchewan Inc.** (TSX: POT) (NYSE: POT) could do well next year.

The Bank of Nova Scotia

A popular investing strategy in Canada is to buy the worst performing bank at the end of each year. At the moment, that honour goes to The Bank of Nova Scotia. The stock is down 4% for 2014, compared

to gains as high as 12% for its peers.

The Bank of Nova Scotia is betting big on international markets to drive growth, but a recent restructuring announcement for the Latin American operations has put investors in a wait-and-see mode. The bank now trades at an attractive 11 times earnings and pays a 4% dividend. The long-term outlook for the company is still solid and investors will probably return to the stock in 2015, given the cheap stock price and diversified earnings structure.

Suncor Energy

Suncor is Canada's largest integrated energy company with top quality production, refining, and retailing assets. This mix provides revenue stability during volatile times in the oil market.

Suncor's shares are being dragged down with the rest of the sector as the price of oil continues its slide. At some point, the game of chicken being played between OPEC and American producers will end, and production cuts will put a floor under crude prices. A move back toward \$80 per barrel by the end of 2015 would send the shares significantly higher.

In the meantime, Suncor can take advantage of the difficult market to add quality assets at discounted prices, and investors can collect a nice 3.6% dividend while they wait for the energy sector to improve.

Potash Corp./Sakatchewan Inc.

Potash Corp. is one of the few companies in the materials sector that has performed well in 2014. The stock is up 14% for the year and 2015 could be even better. Global potash demand is at record levels and wholesale prices are improving. At the same time, Potash Corp. is completing a multi-year expansion program. Investors should see improved free cash flow and a possible dividend increase in 2015.

The Bank of Nova Scotia, Suncor, and Potash Corp. are solid Canadian stocks to add to the 2015 portfolio. Given the volatility in the Canadian market, it might also be a good idea to put a few U.S. stocks on the watch list for next year.

CATEGORY

1. Bank Stocks
2. Energy Stocks
3. Investing
4. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:SU (Suncor Energy Inc.)

Category

1. Bank Stocks

-
2. Energy Stocks
 3. Investing
 4. Metals and Mining Stocks

Date

2025/08/04

Date Created

2014/12/16

Author

aswalker

default watermark

default watermark