



Credit Suisse's Top Picks for 2017

Description

Swiss financial giant **Credit Suisse** (US\$325 billion assets under management) recently released its top investment picks for Canada and the United States. Based on their coverage universe of 950 equities, the analysts at Credit Suisse came up with the following recommendations as their top Canadian names for 2017.

Financials

Credit Suisse's top pick out of the financials is **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) for its strong operating metrics across all major business lines and operating leverage of 1.7% as per its Q3 2016 filing. RBC's exposure to the United States is also seen a plus during a period of rising interest rates.

Credit Suisse also picked RBC's rival, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) due to growing momentum from its U.S. property and casualty as well as wholesale brokerage segments.

Industrial metals

Due to its disciplined approach to capital management, strong balance sheet, and positive free cash flow generation at spot prices, Credit Suisse chose **Lundin Mining Corporation** ([TSX:LUN](#)) as its top pick of the industrial metals.

Closely following Lundin is household name **Teck Resources Ltd.** ([TSX:TECK.B](#))([NYSE:TECK](#)), which was picked by Credit Suisse due to a supply constrained coking market in 2017 along with stronger base metals prices and a weaker Canadian dollar.

Infrastructure

No surprises here: Credit Suisse picks **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)) due to the strong organic growth story, and opportunities for further M&A. The only other pick in this sector was **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)), which was viewed favorably by Credit Suisse due to the potential for Keystone XL pipeline approval, accretion stemming

from the acquisition of Columbia Pipeline Partners LP, and resolution of mainline tolling issues.

Oil & gas E&P/integrated

Encana Corp. (TSX:ECA)(NYSE:ECA) is the top pick of this sector going into 2017 due to its inventory of over 10,000 “premium” locations in the Permian and Montney basins. Moreover, Encana’s premium inventory is conservatively estimated and based on proven horizons—both oil and condensate hydrocarbons and standard well spacing. Growth is expected to accelerate mid-2017 as its budget is deployed and additional facilities come online in the Montney basin.

Precious metals

Agnico Eagle Mines Ltd. ([TSX:AEM](#))([NYSE:AEM](#)) is the shining star here, thanks to its strong exploration and project pipeline, well positioned balance sheet, and operating track record. Agnico is also valued attractively at an 11% discount to senior gold producers. Based on the aforementioned qualities, along with cost exposure to the Canadian dollar, peso, and euro, it should be trading at a premium.

Small to mid-cap pick

Seven Generations Energy Ltd. (TSX:VII) is Credit Suisse’s top pick in this sector, thanks to its exposure to the condensate rich Montney basin in western Canada. Credit Suisse also cited the natural gas producer’s strong balance sheet, reinvestment economics, improving well costs, and productivity as the main reasons for choosing Seven Generations over the other names in this class.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
3. NYSE:RY (Royal Bank of Canada)
4. NYSE:TD (The Toronto-Dominion Bank)
5. NYSE:TECK (Teck Resources Limited)
6. NYSE:TRP (Tc Energy)
7. TSX:AEM (Agnico Eagle Mines Limited)
8. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
9. TSX:LUN (Lundin Mining Corporation)
10. TSX:RY (Royal Bank of Canada)
11. TSX:TD (The Toronto-Dominion Bank)
12. TSX:TECK.B (Teck Resources Limited)
13. TSX:TRP (TC Energy Corporation)

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