2 Top TSX Index Stocks That Could Outperform in 2019

Description

Recent weakness in the TSX Index has investors wondering which stocks might be attractive picks for a potential recovery through the end of 2018 and into next year.

Let's take a look at two stocks that could deliver some nice upside in the coming months.

Barrick Gold (TSX:ABX)(NYSE:ABX)

Barrick Gold fell from $19 per share at the beginning of 2018 to below $13 in September. Since then, the stock has recovered most of the losses and more gains could be on the way.

Barrick is merging with Randgold Resources in a deal that will create the planet's largest gold company, with half of the top 10 mines and the industry's lowest total cash costs among the large players in the sector.

Barrick has strength in the Americas, while Randgold has expertise in Africa. As a result, the combined company should be able to capitalize on opportunities in many of the world's top gold regions. Barrick also has significant copper interests.

Gold has trended higher in recent weeks amid ongoing concerns about Brexit and a potential trade war between the U.S. and China.

In addition, the U.S. dollar is giving back some gains as analysts rethink expectations for interest rate hikes in the United States in 2019.

This combination of safe-haven demand and the potential for a weakening American dollar bodes well for gold. The yellow metal is still well off the 2018 high, but a move from the current price of US$1,250 back toward US$1,350 could trigger a flood of funds into mining stocks.

Suncor (TSX:SU)(NYSE:SU)

Suncor trades at $41 per share, compared to $55 in July. Weak oil prices, production restrictions in

Alberta, and ongoing pipeline uncertainty are weighing heavily on the Canadian energy sector, but the sell-off in Suncor might be overdone.

The company's refining business and retail operations provide a nice hedge against falling Canadian oil prices and help Suncor realize WTI or Brent pricing on finished products. In addition, Suncor has agreements in place that ensure the company can move most of its production to higher-priced markets.

The energy giant has a strong balance sheet and can take advantage of the distress in the sector to add strategic assets at attractive prices, as it did during the last phase of the downturn.

Investors should see Suncor boost the dividend in 2019, supported by healthy cash flow. The current payout provides a yield of 3.5%.

Oil prices could recover in 2019 as U.S. sanctions against Iran begin to impact the market. Any meaningful reversal in the price of oil should send Suncor and other troubled energy stocks soaring.

CATEGORY

1. Energy Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ABX (Barrick Mining)
4. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Energy Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

Date
2025/09/11
Date Created
2018/12/10
Author

aswalker