3 Oversold Stocks to Put in Your 2019 TFSA Retirement Portfolio

Description

Market corrections can be stressful, but they also produce great opportunities for investors to pick up top-quality companies at reasonable prices.

Let's take a look at five solid Canadian companies that might be good picks for your TFSA retirement fund.

Nutrien (TSX:NTR)(NYSE:NTR)

Nutrien is the planet's largest crop nutrients supplier and has an extensive retail business that sells seed and crop protection products to farmers around the world.

The integration of the Agrium and Potash Corp. assets is going well, and Nutrien continues to make tuck-in acquisitions to grow the retail business and position the company to compete in the digital age.

Fertilizer prices are rising after a multi-year slump, and Nutrien has an optimistic outlook for both demand and profits heading into 2019. The company just raised the dividend, and more increases should be on the way in the coming years. If potash, nitrogen, and phosphate prices extend their recent recovery, this stock could take off through 2019.

The stock is down from a 2018 high of $76 to $63 per share. The dividend provides a yield of 3.6%.

Royal Bank (TSX:RY)(NYSE:RY)

Royal Bank recently reported record profits. The financial giant generates profit of more than $1 billion per month and the good times should continue.

The Canadian housing market is slowing down at a measured pace, so the risks of a hard landing appear to be fading. with unemployment at a 40-year low in Canada, homeowners are probably going to be able to make their mortgage payments, even as rates rise.

Overall, higher interest rates generally result in better profits for Royal Bank and its peers, as the spread between the interest they charge and the rate they pay on deposits tends to increase.

Royal Bank now gets 17% of its profits from the United States, so that provides a nice hedge against any big surprises in the Canadian economy.

The stock is below $94 per share from the 2018 high of $108. At the current price-to-earnings multiple of 11.35, Royal Bank should be an attractive buy-and-hold pick. The dividend provides a yield of 4.2%.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

CN is an essential part of the Canadian and U.S. economies, carrying everything from raw materials to auto parts and finished goods across Canada and right down through the centre of the U.S. to the Gulf Coast.

It is the only rail operator with access to three coasts, and that gives CN a nice advantage over its peers. In addition, the company serves many business segments and generates revenue in Canada and the United States. When the U.S. dollar gains against the loonie, profits can get a nice boost.

CN is investing billions of dollars to ensure it remains competitive and efficient. At the same time, the business generates significant free cash flow that finds its way into investor pockets through large dividend increases. The compound annual dividend-growth rate over the past 20 years is about 16%.

The stock is down from $118 per share two months ago to $103. That's not a major sell-off, and some additional weakness could be on the way, but dips in CN's share price have historically proven to be great buying opportunities.

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