



TFSA Investors: 2 Plunging TSX Index Stocks That Could Soar in 2019

Description

The market sell-off continues to pick up steam, and that is serving up some interesting opportunities for investors who have extra [TFSA](#) cash sitting on the sidelines.

Let's take a look at two companies that might be attractive picks for your portfolio today.

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#))

CNRL trades at \$32.50 per share compared to \$49 in July. The steep pullback in oil prices over the past two months is largely to blame. Output restrictions in Alberta probably haven't helped the situation.

The company is somewhat unique in the Canadian energy patch due to its diverse asset base that spans the full energy product spectrum. CNRL owns oil sands, heavy oil, light oil, natural gas, and natural gas liquids assets. The company has taken advantage of the difficult times to add strategic properties at attractive prices, and more acquisitions could be on the way.

CNRL has the flexibility to shift capital to the highest-return opportunities in its portfolio, and the results are evident in the financial performance. The company reported Q3 net earnings of \$1.8 billion and record adjusted funds flow of \$2.8 billion. CNRL reduced debt by \$2.88 billion in the first nine months of 2018, putting the balance sheet in good shape to take advantage of any acquisitions that might become available in 2019.

Oil could experience further downside in the near term, but we should see a solid bounce at some point in the coming year. When that happens, this stock has the potential to move significantly higher.

In the meantime, investors can collect a solid 4% dividend [yield](#).

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#))

One look at the long-term chart of Royal Bank gives investors a pretty good sense of the opportunity

that pullbacks in the share price offer buy-and-hold investors. On a split-adjusted basis, investors paid about \$20 per share for the stock 20 years ago. Today it trades at \$92, and that's after a steep drop from the 2018 high of \$108.

At the current price, the stock appears oversold. The 12-month trailing price-to-earnings multiple is just 11.1 compared to the five-year average of 12.5 times. The price-to-book multiple is down to 1.8 compared to an average of 2.2 over that same time frame.

Management still sees annual earnings-per-share growth coming in at 7-10% for the next few years. Investors who buy now can get a 4.25% yield.

The bottom line

CNRL and Royal Bank are leaders in their respective industries and should be solid buy-and-hold picks for a TFSA retirement fund.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:RY (Royal Bank of Canada)

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