



3 TSX Index Stocks to Start a Balanced RRSP

Description

The deadline for RRSP contributions linked to the 2018 tax year is fast approaching and Canadian savers are wondering which stocks might be interesting picks right now.

Let's take a look at three top companies in the TSX Index that should be strong candidates for your [self-directed RRSP](#) portfolio.

Suncor Energy ([TSX:SU](#))([NYSE:SU](#))

Suncor just reported Q4 2018 results that showed how tough the end of the year was for the Canadian energy sector. A steep drop in oil prices led to production restrictions by the Alberta government in an effort to close the price gap between Western Canadian Select (WCS) and West Texas Intermediate (WTI) prices.

Suncor generated funds from operations of \$2 billion in Q4 compared to \$3 billion in the same period in 2017. Conditions have since improved in the market, and investors shouldn't put too much emphasis on the Q4 numbers.

In fact, this might be a great opportunity to buy the stock. Management sees better days on the horizon, supported by production growth and improved pricing. The company just raised the dividend by 18% for 2019 and increased the funds allocated for share buybacks over the next 12 months.

At the time of writing, the stock trades at \$43 and provides a dividend yield of 3.9%. A recovery in oil prices through 2019 could send the stock back toward the 2018 high near \$55.

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#))

Bank of Nova Scotia had a busy 2018 with two major acquisitions in the Canadian wealth management sector and a large deal that doubled its market share in Chile.

Investors sold the stock through 2018 on concerns the company might have taken on too much integration work in such a short period. The pullback was extended when the broader financial sector

took a hit in the last quarter of the year.

Bank of Nova Scotia has since bounced off the December low, but the stock still appears cheap at less than 11 times trailing earnings.

Investors who buy today can pick up a [yield](#) of 4.6%. If the 2018 acquisitions deliver the expected returns over the next 12-24 months, the stock could move from the current price of \$74 to the 2018 peak around \$82.

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD)

Gold has been a dismal investment in the past eight years, and most of the miners took major hits through the plunge that saw the price of the yellow metal fall from US\$1,900 in 2011 to about US\$1,050 in 2015. Since then, the commodity has traded in a range, but indications in recent months suggest that a new rally could be on the horizon.

If that's the case, the gold miners could deliver some significant upside for investors. Barrick Gold just merged with Randgold and the new company now controls half of the top 10 mines on the planet. It was the first of two mega mergers in recent months, and additional deals could be on the way as consolidation continues.

Barrick has made good progress on its efforts to clean up the balance sheet and make its operations more efficient. At the current price of \$18 per share, the stock appears cheap, especially if we are in the early stages of a gold recovery.

Other early-entry opportunities are also emerging in the market today.

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Date

2025/08/05

Date Created

2019/02/09

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