



Top Pick Tuesday: 2 TSX Index Giants for Your RRSP

Description

Buying industry leaders when they are out of favour can provide buy-and-hold investors with significant long-term gains.

Let's take a look at three **TSX** Index stocks that might be interesting picks for a self-directed [RRSP portfolio](#) today.

Suncor

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is Canada's largest integrated energy company with production, refining, and retail assets.

The balanced revenue stream gives the company stability when oil prices fall, as the downstream businesses can benefit from lower input costs. In addition, the diversified structure of the company has enabled it to maintain a strong balance sheet, and Suncor has used its cash positions and access to capital to acquire troubled competitors at attractive prices.

Suncor raised its dividend by more than 16% for 2019 and is buying back shares while still investing the capital needed to grow production. The current dividend provides a [yield](#) of 4%.

The stock currently trades at \$41 per share compared to \$55 last summer. If oil prices rally through the end of 2019 and into next year, the stock could take a run back to the 2018 high. In the meantime, you get paid well to wait for the recovery.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) completed a game-changing merger with RandgoldResources earlier this year. The move created a global mining giant that owns five of the top 10 mines on the planet and has expertise in key gold regions including North America, South America, and Africa.

The company repaired the balance sheet over the past five years and stands to generate significant free cash flow if the recent gold rally holds its gains or continues to run higher. Barrick Gold raised its dividend last year and additional increases to the payout should be on the way.

The stock is already up from \$13 per share late last year to \$20, but the market is still taking a cautious approach. As such, investors could see the rally really pick up speed once confidence returns to the gold sector. To put things into perspective, Barrick traded for \$29 three years ago when gold was lower than its current price.

The bottom line

It requires a contrarian investing style to step in and buy out-of-favour stocks. Commodity picks, in particular, tend to be more volatile. However, Suncor and Barrick Gold appear oversold today and patient investors could reap some big gains once sentiment improves.

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TICKERS GLOBAL

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

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