



2 Stocks to Buy and Hold in 2020

Description

January's been another good month for stocks, as the markets continue to build off of a strong performance in 2019. But that doesn't mean that investors should be holding the same stocks as they have been in the prior year.

With possible economic and political headwinds impacting 2020, investors need to be a bit more strategic when choosing which stocks to invest in. Below are two stocks that look to be good options to buy and hold this year:

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is coming off a disappointing performance in 2019 where it only rose 10%, well below the 19% returns the **TSX** generated.

However, that's also why it could be a great stock to hold for 2020; it's not often that RBC underperforms the TSX. If we look at the past five years, the RBC's 39% returns have soundly beaten the TSX, which is only up 16% during that time.

Investors have been bearish on financial stocks, especially in 2019, which can help make 2020 a year when RBC bounces back. A big test will come for the bank stock when it reports earnings next month that will help dictate which direction RBC's stock will go in the early part of the year.

Ultimately, it's hard to go wrong with holding one of Canada's top bank stocks, and if there is a downturn in the markets in 2020, we could see investors flocking to safer, more stable investments such as RBC.

With a dividend of 3.9%, the [income](#) you can earn from holding the stock is another great incentive to invest in RBC.

Cenovus Energy Inc ([TSX:CVE](#))([NYSE:CVE](#)) is a riskier option for investors to consider, albeit a calculated risk. The stock is down more than 12% in just the past month, with nearly every day in 2020 being a red one for Cenovus.

Although still not close its 52-week low, Cenovus is a good stock to invest in if you're bullish on oil

prices. The stock has a very strong [correlation](#) with the price of oil, and given the uncertainty we've seen in the Middle East this year, there could be pressure that pushes oil prices up in the weeks and months ahead.

One thing that's clear is that there is an appetite to keep oil prices at least at where they are today, if not higher. Supply cuts remain intact and it's becoming more of the norm these days than a temporary measure.

And as long as that remains the case, Cenovus should see stability in its price, with the potential for it to get a bit of a boost. Cenovus has shown consistency recently, with profits in each of the past three quarters and revenues north of \$5 billion during that time as well.

There's certainly risk involved with investing in Cenovus or any oil and gas stock today, but it's a move that could pay off this year. Cenovus is trading below its book value, and a stronger price of oil can not only lift its share price, but also its bottom line.

If you're bullish on oil prices this year, Cenovus should be a no-brainer to invest in.

CATEGORY

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TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:RY (Royal Bank of Canada)

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Date

2025/07/01

Date Created

2020/01/27

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