



Top TSX Stocks to Buy If the Market Rally Continues in June

Description

Top **TSX** stocks have rallied approximately 35% in the last two months. The bounce-back has been remarkable given the scale of the crash in March 2020. As businesses are gradually restarting operations, it appears that the worst could be behind us. However, the recovery could be very slow, and earnings will likely remain under pressure for the whole of 2020.

That's why investors have to be particularly selective if they want to make the most of this market rally. Some of the sectors and stocks might retest their March lows while some might continue to rally.

Some Canadian bigwigs that are well-positioned in the current market as lockdowns are gradually released. I will focus on three such TSX stocks here.

Hedge a crude oil crash with this top TSX energy stock

One of the biggest oil producers **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) is one such stock. Crude oil prices have been consistently soaring after dropping in the negative territory last month.

While the supply glut could continue to dominate energy markets, the higher demand, as economies re-open, could lessen the impact in the short term.

In the last two months, Canadian Natural stock has doubled while crude oil prices have surged almost 65%.

Canadian Natural Resources' first-quarter earnings highlighted how well positioned it is in such harsh times. The company reported losses during the quarter, but its balance sheet is quite strong to weather the crisis.

Also, many big oil companies trimmed or suspended dividends this year in order to retain cash. However, Canadian Natural continued to raise its dividends just as it did in the 2008 financial crisis.

It is currently trading at a dividend yield of 6.6%, much higher than TSX stocks at large. Also, its discounted valuation indicates more room for growth ahead.

CNQ will maintain its upward march if oil keeps trading higher. However, even if oil starts trading weak, CNQ is still one of the best investments in the energy space because of its [diversified product range](#) and dividends.

An attractive stock in a boring industry

A \$7 billion **CCL Industries** ([TSX:CCL.B](#)) operates in packaging and label-making business. It is the largest label-making company in the world. It also manufactures containers, consumer printable media products, and offers inventory management, and loss prevention solutions.

CCL pursues high-growth regions such as radio-frequency identification (RFID) labels and other novel packaging solutions. It makes approximately 40% of its sales from the U.S., while 32% comes from Europe.

Its first-quarter earnings took a hit due to the pandemic. However, as the global supply chain restarts after months of lockdowns, CCL's business activities could again gain pace.

CCL has created substantial wealth for investors in the last several years. It returned 700% in the last eight years, outperforming the **TSX Index** by a wide margin.

CCL stock has soared more than 25% since its 52-week lows in March. However, it is still trading at a discounted valuation and looks poised to grow from current levels.

TSX stock for bull and bear markets

AltaGas ([TSX:ALA](#)) is a midstream and utility company with a stable [dividend](#) profile. It yields more than 6% at the moment, more than TSX stocks at large.

Its non-cyclical nature of the business makes it a safe bet for investors, even during the economic downturns. That's because it generates approximately 75% of earnings from the rate-regulated business. Its utility business gives it stability while the midstream segment offers growth.

TSX stock AltaGas has more than doubled since its record lows in March. Notably, its earnings visibility will be of great significance for investors, particularly in these volatile markets.

It has a comparatively low correlation with the broader markets. Thus, it is a stock to own in bull as well as in bear markets.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:CCL.B (CCL Industries)
4. TSX:CNQ (Canadian Natural Resources Limited)

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