2 TSX Stocks to Buy for a Choppy November

Description

A period of increased volatility is coming up. But how should TSX stock investors weather the storm? One way to keep calm and carry on investing is to diversify across asset types. This should be of particular interest to bank shareholders, since two major events are coming up that are extremely pertinent to Canadian financials. One is the U.S. election. The other is earnings season.

Navigating a choppy market for bank stocks

As a Big Five financial that has seen significant growth in U.S. markets, **TD Bank** (TSX:TD)(NYSE:TD) could sink or swim depending on the result of the upcoming election. Shares are already down 22% year over year, making the next couple of weeks somewhat critical for shareholders. With the Big Five reporting earnings at the end of November/start of December, that post-election volatility could be extended.

Investors might want to counterbalance the risk of a stock so strongly correlated with the economy. Consider co-investing in a wide-moat consumer staple stock with global diversification. One name that springs to mind is the market share-commanding **Nutrien** (TSX:NTR)(NYSE:NTR). This agri input stock is classically defensive. Investing in Nutrien also satisfies a growth thesis, since this name plays into the precision farming trend.

Dividends are on offer from both names. TD Bank pays a rich 5.4% yield, further accentuating what good value this stock is right now. Nutrien pays a decent 4.4% dividend yield. The potash giant trades at around half its fair value but is looking at a potential 19.5% earnings growth rate over the next one to three years.

Strongly diversified TSX stocks such as Nutrien can help to balance out the equities segment of a personal investment portfolio in a frothy market. A potentially rocky end to the year could come from both the pandemic and a highly charged political landscape south of the border.

Going long on wide-moat quality

In terms of coverage, the next three years could see Nutrien's payout ratio drop to 72%. This strengthens the passive-income thesis for this name and could also leave room for future dividend growth. TD Bank is estimated to have a 50% payout ratio in that same time frame. And with annual earnings growth in the 9% range, large-cap TD Bank still looks defensively solid in the long term.

Growth potential in terms of total returns by the middle of the decade might not be much to write home about. Bear in mind, though, that such estimates should be taken with a pinch of salt. All such projections are currently being made through the lens of the pandemic. This economy is therefore a finite moment in time that will hopefully be followed by a period of speedy recovery.

A period of sustained growth south of the border has bolstered TD Bank's bottom line in recent years. However, that exposure now raises the stakes in a political environment characterized by an increasingly polarized U.S. navigating a public health crisis. Shareholders can counterweight this risk with a highly diversified global consumer staples play such as Nutrien.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:NTR (Nutrien)
4. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date
2025/07/01
Date Created

2020/10/29
Author
vhetherington