Got $1,000? Top TSX Stocks to Buy Right Now

Description

After rallying almost 80% since last March, Canadian markets might have a limited upside from current levels. However, some Canadian names still have steam left. Here are three TSX stocks that offer handsome upside potential for the long term.

Home Capital Group

Some experts think that the Canadian housing market is ripe for a correction. But they have been saying this for years now. Rather, the market has gained pace since the pandemic last year. And the main reason behind it is lower interest rates.

If you want to play the boom, consider Canadian mortgage lending company stock **Home Capital Group** (TSX:HCG). It has returned almost 80% in the last 12 months. At the end of the first quarter of 2021, the company had a total loan portfolio of $17.3 billion. Driven by the housing market frenzy, its earnings jumped by as steep as 140% year over year in Q1 2021.

The trend can continue in the next few quarters amid strength in the housing markets. Also, interest rates will likely remain at these levels amid the ongoing economic recovery. Even if the Canadian housing market sees weakness in the near future, HCG stock might not see significant weakness. The stock is still trading at a discounted valuation, despite its recent rally.

Canadian Utilities

Dividend stocks could be smart picks in this market, as stocks loiter around all-time highs. **Canadian Utilities** (TSX:CU) holds the throne for the longest dividend-increase streak of 49 consecutive years. It currently yields above 5%, higher than TSX stocks at large.

Utility stocks are often called "widow-and-orphan" stocks because of their slow stock movements and stable dividends. They are low-risk, decent-returning stocks that can outperform broader markets in the longer term.

Canadian Utilities will likely continue raising its payouts for years, mainly because of its earnings stability. The company has large, regulated operations, which keep on earning a specific rate of return, even in recessions. That's why it has been paying growing dividends for decades.

Also, stocks like Canadian Utilities have a lower correlation with broader markets. That means when stocks at large crash, utilities generally do not fall as steep. But it also means that utilities do not surge as high as broader markets in bullish situations.

goeasy

Top consumer lender **goeasy** (TSX:GSY) is my third pick for today. The stock is up almost 50% this year on better-than-expected quarterly earnings and strategic acquisitions. Importantly, the stock will likely continue its upward march amid re-opening and pent-up demand.

For the last few quarters, goeasy started seeing higher demand for new loans and improved patterns in repayments. The trend should continue amid economic growth and rising employment. In April, it completed an acquisition of point-of-sale consumer finance company Lendcare.

A $2.3 billion company goeasy has seen top-quality earnings growth in the last two decades. Its per-share earnings have grown by 24% compounded annually since 2001. Its superior financial growth effectively seeped into its market performance as well. The stock delivered an average annual total return of 38% since 2001, notably beating the **TSX Composite Index**.

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TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)
2. TSX:GSY (goeasy Ltd.)
3. TSX:HCG (Home Capital Group)

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