



2 Cheap TSX Stocks to Buy Now for a 2022 Recovery

Description

The stock market looks expensive these days, but pockets of opportunity still exist for investors to position their portfolios for the pandemic recovery in 2022.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) trades near \$60 per share at the time of writing compared to \$75 before the pandemic.

The company is a leader in the North American energy infrastructure sector with a heavy focus on natural gas transmission and storage. Natural gas prices are soaring around the world, as power companies struggle to get enough of the fuel to meet electricity demand.

Europe is the hotspot at the moment, but prices are at multi-year highs, even in gas-rich North America. Climate change is causing more extreme weather conditions that are driving spikes in electricity demand. Colder winters and hotter summers might become the norm in the future. Solar and wind facilities are preferred suppliers of power, but their production is determined by conditions that can't be controlled.

As a result, more investment in natural gas storage and gas-fired generation plants is anticipated to ensure that countries can ride out extreme demand situations.

TC Energy has strategic infrastructure in place or under construction to play a key role in supplying the world with more liquified natural gas. As a result, the future look bright for this company and its investors.

TC Energy is currently working on a \$21 billion capital program. This should boost cash flow over the coming years and support targeted dividend increases of 5-7%. TC Energy has raised the payout annually for more than 20 years.

The stock appears [undervalued](#) right now, and investors who buy today can pick up a 5.75% yield.

Teck Resources

Teck Resources ([TSX:TECK.B](#))([NYSE:TECK](#)) produces copper, zinc, and metallurgical coal that is used by steel producers.

The stock trades near \$30 per share right now compared to the 2021 high around \$34. Teck made headlines in recent weeks by announcing it is evaluating the potential sale or spin off of its met coal business. The news briefly sent the stock to a new 2021 high, but the share price has since pulled back.

Teck is making good money at current coal, copper, and zinc prices. The demand outlook for 2022 and beyond should be robust. Infrastructure initiatives in the United States and around the globe should support strong steel demand for the coming years. Steel prices have already soared in 2021. Part of the story is supply chain bottlenecks, but the demand picture is also strong.

On the copper side, Teck is making good progress on the construction of a new mine that will add significant production in the coming years. Copper demand looks set to soar, as the world puts more investment into electric vehicles, solar panels, and wind turbines. These products use large quantities copper in their production process.

Teck's share price has a history of making spectacular runs to the upside, followed by equally scary plunges, so you want to get in during the early stages of the bull cycle. The rise off the 2020 low already put some decent profits in the pockets of investors who caught the bottom, but there should be more upside in the next couple of years before the commodity market reaches its peak.

It wouldn't be a surprise to see Teck's stock price hit \$40 by the end of 2022.

The bottom line

TC Energy and Teck Resources are leaders in their respective industries and should benefit from the anticipated global economic recovery in the next few years. If you have some cash to put to work, these stocks should be attractive picks for 2022.

CATEGORY

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2. Investing

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