



RRSP Investors: 2 Stocks to Buy Now for 2022

Description

Canadian savers are searching for top stocks to add to their RRSP portfolios for 2022. The overall **TSX Index** still appears expensive, but investors can find some deals among sectors that remain attractive heading into next year.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) picked up a nice tailwind in recent weeks, supported by the continued strength of the oil market. At the time of writing, WTI oil trades above US\$80 per barrel. It was US\$36 last fall, so the increase has made a huge difference for Suncor and its peers.

The company is working through some operational issues at two of the oil sands facilities, but those should be fixed by the end of the year or in early 2022. At the same time, the removal of travel restrictions and the return to offices in the coming months bodes well for jet fuel and gasoline demand.

Suncor's refining and retail business normally provide a good revenue hedge when oil prices fall. That wasn't the case last year, due to the unique circumstances of the pandemic, but these divisions should perform well in the next 12 months.

Despite the recent surge in the share price, Suncor still trades below the 2021 high and is significantly off the pre-pandemic price. Many of its peers are at multi-year highs. Investors should see a big dividend increase next year along with continued share buybacks and debt reduction.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is Canada's third-largest bank by [market capitalization](#). The stock took a hit last year, as investors worried about the potential for massive loan losses caused by the pandemic. In Canada, fears of a housing market crash contributed to the initial selloff. Bank of Nova Scotia's large international operations focused on Latin American have also been under the microscope of investors.

The bank set aside billions of dollars to cover potential loan losses. Fortunately, the Canadian housing market has not only held up, but actually enjoyed another surge in demand and prices, fueled by cheap borrowing costs and a flight from the downtown core of big cities to larger homes in the suburbs and smaller cities.

Bank of Nova Scotia remains very profitable in both its Canadian and international operations. The post-pandemic economic recovery should enable the company to deploy extra cash to generous dividend hikes, share buybacks, and potential new acquisitions.

Bank of Nova Scotia's share price is up about 16% this year, making it the laggard among the large Canadian banks. The stock could make up some ground next year and should perform well beyond 2022. Interest rates are expected to move higher as the economy recovers. Higher rates tend to be positive for banks, as they improve net interest margins and drive up returns on cash that is held to cover deposits.

All things considered, Bank of Nova Scotia looks cheap at the current share price. Investors who buy now can pick up a 4.6% dividend yield.

The bottom line for RRSP investors

Suncor and Bank of Nova Scotia trade at reasonable prices and should deliver strong returns in 2022 and beyond. If you have some cash to put to work inside your RRSP portfolio, these stocks deserve to be on your radar today.

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3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:SU (Suncor Energy Inc.)

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