



TFSA Investors: 3 Top TSX Stocks to Buy in January 2022

Description

The [TFSA](#) limit increase for 2022 is \$6,000. Investors are now searching for top TSX stocks that might be good to buy, as the pandemic recovery picks up speed.

Suncor Energy

Suncor ([TSX:SU](#))([NYSE:SU](#)) took a big hit in 2020 when a plunge in fuel usage caused oil prices to crash. Suncor is best known as an oil sands producer, but the company also has four large refineries and operates about 1,500 Petro-Canada retail locations.

The rebound in fuel demand along with the recovery in the price of oil have resulted in a cash flow windfall in 2021 for Suncor, and the momentum is expected to continue in 2022.

Suncor used the excess cash in 2021 to reduce its net debt and buy back shares. Investors are also getting more cash returned to them in the form of dividends. The board just increased the dividend by 100% for 2022. This brings the payout back to the 2019 level. Suncor cut the distribution by 55% in 2020.

Suncor stock looks [undervalued](#) at the current share price near \$31. The shares traded around \$44 before the pandemic. Oil prices are higher now than they were at that time and fuel demand should be back to 2019 levels in 2022.

Investors who buy the stock near the current share price can pick up a 5.4% dividend yield.

Teck Resources

Teck Resources ([TSX:TECK.B](#))([NYSE:TECK](#)) produces metallurgical coal, copper, and zinc. It is also a partner on the Fort Hills oil sands facility.

Commodity prices soared in the past 18 months, and they look set to remain elevated for the next few

years, as global stimulus programs kick into gear. Metallurgical coal is used to make steel. Spending on bridges and other infrastructure projects should continue to support the rebound in steel demand.

Copper is a key component in the manufacturing of solar panels, wind turbines, and electric vehicles. These sectors are receiving significant investment, as the world shifts to green energy solutions and a reduction in the use of fossil fuels for transportation.

Teck's stock price is up 44% in 2021, but the momentum should continue through next year. The shares currently trade near \$35. It wouldn't be a surprise to see Teck stock hit \$45 by the end of 2022.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is Canada's third-largest bank by [market capitalization](#). The company reported solid fiscal Q4 and full-year 2021 results and is poised to benefit in 2022 as interest rates rise and the global economic rebound benefits its international operations.

Interest rates are expected to increase in Canada in 2022. This means Bank of Nova Scotia and its peers will be able to generate better net interest margins. At the same time, the housing market should remain strong due to high demand and limited supply.

Bank of Nova Scotia's international operations are primarily located in Peru, Chile, Colombia, and Mexico. The rebound in oil and copper prices should benefit these economies in the next few years. Longer term, the expansion of the middle class should drive strong demand for loans and investment products.

Bank of Nova Scotia just raised the dividend by 11%. The stock looks reasonable at the current multiple of 11.2 times trailing earnings and provides a solid 4.6% dividend yield.

The bottom line on top stock for a TFSA in 2022

Suncor, Teck Resources, and Bank of Nova Scotia are top TSX stocks that should perform well in 2022. If you have some cash to add to your TFSA for next year, these stocks deserve to be on your buy list.

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2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TECK (Teck Resources Limited)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:SU (Suncor Energy Inc.)
6. TSX:TECK.B (Teck Resources Limited)

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