



## 2 Stock Market Trends to Watch Out in 2022

### Description

Which trends could drive the stock market in 2022? It was a year of recovery in 2021, with oil and real estate stocks making a remarkable comeback. Those who invested in **Suncor Energy** and **SmartCentres REIT** before the start of the year saw their stocks climb 46% and 38%, respectively. If you invest in the upcoming trends before the start of 2022, you could enjoy strong growth by the end of the year.

### Two trends that could dominate the 2022 stock market

At present, the [Omicron scare](#) has cast a bear shadow on the market. The TSX Composite Index fell almost 5% and is now showing some recovery as the Christmas magic works its wonders. **Bank of Canada** expects consumer price inflation to peak in the fourth quarter and the first quarter of 2022 before normalizing in the second half.

The recovery could likely continue in 2022. This could be the year that could address the challenges of 2021. Supply chain issues delayed the electric vehicle (EV) trend. There were also delays in the [5G](#) rollout as Canada continues to build 5G infrastructure.

### The 2022 EV wave

Fortune Business Insights [expects](#) the global EV market to increase at a CAGR of 24.3% in the 2021-2028 period. The EV growth took a setback in 2021 due to an automotive chip supply shortage. The chip factories were closed during the pandemic. The few chip manufacturers were overburdened with pent-up demand and were working at full capacity.

Moreover, there is an emerging shortage of aluminum. Then there is a global energy shortage, which is inflating energy and natural gas prices. This electricity rationing is causing unplanned production shutdowns and increasing production costs, adding to the inflationary pressure. This situation could continue in the first quarter of 2022.

But gradually, energy companies will increase production, semiconductor manufacturing will pick up, easing supply chain issues. Automakers might be able to fulfill their order backlog in the second half of 2022.

Canadian company **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) would be a key beneficiary of the EV wave. As the world's third largest auto component supplier and third-party manufacturer, Magna realized the EV potential early. It spent 2020 and 2021 enhancing its ability to cater to EVs. Its customer base comprises 24 of the top 25 EV makers.

Magna stock surged 40% in the first half of 2021 on the back of the EV wave. But supply chain issues pulled the stock down 18.5% in the second half. This is a good time to buy the stock at a discount before it hops on to the EV wave.

## The 2022 5G rollout

Canada is heading to a digital and tech-equipped society. This could drive demand for 5G networks. The 5G technology not just provides faster internet but also facilitates artificial intelligence (AI) at the edge. The 5G will enable mission-critical applications like smart cities and autonomous cars. To unleash this potential, you need a strong 5G infrastructure, and **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) is investing in it.

BCE has a two-year capital acceleration plan to expand its 5G outreach. The 5G rollout could bring higher subscription revenue in the long term, which BCE might use to accelerate dividend growth. In the meantime, the enthusiasm around 5G could push BCE stock price to new highs.

The stock surged 22% in the first eight months of 2021. But rising inflation and market bearishness pulled the stock down 3.6%. The stock once again started its rally, and I expect it to surge strong double-digit in 2022.

## Final thoughts

It is beneficial to buy ahead of the trend to get the stocks at a discount. I am bullish on the EV and 5G trends. They could bring some growth momentum in 2022.

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#### **Author**

pujatayal

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