



## SALE: Top TSX Stocks for 2022

### Description

There are plenty of great TSX stocks on sale this January 2022. Indeed, valuations have become quite stretched across the board, according to many U.S. pundits [analyzing](#) the S&P 500 or Nasdaq 100. On this side of the border, though, the TSX Index hardly looks expensive, even after a solid year of some pretty remarkable gains. What's there to look forward to for the Canadian stock market this year?

Energy stocks could continue to do a considerable amount of heavy lifting. With WTI (West Texas Intermediate) prices still rallying strongly, and many fossil fuel plays that are still modestly valued, as though investors believe WTI will suffer a vicious blow-off top, I see a pathway where TSX energy stocks continue to lead the charge higher.

It's not just about energy or fossil fuel plays, though. With central banks ready to hit that rate hike button after years of keeping rates close to the floor, the financials could get a nice tailwind. Inflation is hot right now, and the economy could be too once COVID-induced woes begin to fade with time. Such a scenario could cause the economy to heat up quickly, calling for even more rate hikes than expected.

### On-sale TSX stocks to buy in 2022

Undoubtedly, rate hikes are bad news for growthier stocks. But for value names, they're nothing to be afraid of, as markets can continue higher, even in a rising-rate environment. The punch bowl won't be taken away by a Bank of Canada or U.S. Federal Reserve. Rather, the potency of the punch will be reduced, as it's diluted. Even with the crutch provided by central banks' accommodative monetary policy, a stronger economy could continue powering forward under its own footing. The main worry of investors is whether the market can stand up and move quickly under its power or if it still needs a helping hand. In any case, higher rates need not be feared. Though, if you're overweight high-multiple tech, you may wish to make appropriate moves to better position yourself for the road ahead.

On average, the TSX Index looks way cheaper than many names trading south of the border. That's why I'd aim to stick with Canadian stocks for the year, purely from a valuation standpoint. Not to mention that the Canadian dollar has climbed a good amount, flirting with US\$0.80 just a few months

ago.

## Scotiabank: High risk and higher upside!

In this piece, we'll look at one of the best on-sale TSX stocks to pounce on in 2022. Enter **Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)), an internationally exposed Canadian bank that's ready to move on after years of pressure.

Indeed, Scotiabank has a greater [risk profile](#), given its exposure to emerging markets, which have been hit hard by the COVID pandemic. As we exit this pandemic, whenever this may be, emerging markets will have the means to rebound, perhaps at a rapid pace. The pandemic is unlikely to last forever. And for those investors light on international exposure, I'd argue Scotiabank is the best way to get such exposure. It's a good mix of Canadian and international, with a brilliant management team that knows how to tilt the risk/reward to favour investors.

It's not just global reopening upside and the alleviation of pressures on emerging markets that have me bullish on BNS stock. Higher rates and a hotter economy both bode very well for the banks. With a 4.5% yield and a mere 11.6 times trailing earnings multiple, BNS stock is a bargain in my books and a top contender to repeat 2021 levels of outperformance in 2022.

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