TFSA Investors: 3 Market Bargains to Buy Amid a 2022 Correction

Description

TFSA investors need not panic, with the S&P 500 plunging into correction territory, with the Nasdaq 100 and TSX Index also extending their losses. While the TSX has held its own better than the U.S. indices thus far, thanks in part to energy and financials, it's tough to tell what to expect for the rest of the year. I think the theme of energy and financials could allow the TSX to beat the S&P 500 by a wide margin this year. While you could invest in a plain, vanilla TSX Index fund, I'd much rather look to some of the cheapest areas within the energy and financial sectors, as they may have the most room to run in a bounce back.

Consider **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ), **Suncor Energy** (TSX:SU)(NYSE:SU), and **Bank of Montreal** (TSX:BMO)(NYSE:BMO): three TSX bargains that I think could outpace both the TSX Index and the hard-hit S&P 500 in what's looking to be a very choppy 2022.

Canadian Natural Resources

It's hard to remember when oil plunged into the negatives, and nobody on the Street wanted to touch any of the energy stocks with a 10-foot pole. Two years or so later, the tables have turned, with oil skyrocketing above US$85, leading the energy names higher.

Given supply-demand imbalances and the potential for a booming economy, I'd argue that CNQ stock is one of those rare gems that could keep rising and getting cheaper at the same time. As oil rises, production will adjust accordingly, and the company's ability to generate increasing amounts of operating cash flow may be underestimated by the Street. Indeed, some folks are still negative on the energy names, but there's no denying the fundamentals. With the return of value and actual long-term fundamentals, CNQ is one of many value plays that could be the new class of "sexy" momentum stocks.

In any case, CNQ's managers look very smart after diversifying its book and keeping its dividend steady through the turbulent times following the 2020 stock market crash. Management's efforts are paying off, and I think it's just the start!

Suncor Energy

Suncor Energy is an integrated energy kingpin that's been slower to recover. Still down 25% from its 2020 highs, Suncor seems like a great catch-up play for investors who missed the run-up in oil names. The stock boasts a solid dividend yield and one of the most resilient operations out there. With the name taking a modest dip of 8%, I think the stock represents an intriguing play for energy investors who don't want to have to pay up to get high-quality exposure to the space.

Finally, Suncor's dividend could grow at a steady double-digit pace, especially if oil makes a run past US$100. I think it's still early days for Suncor's bounce and wouldn't be surprised if shares broke through to a new all-time high over the next 18 months.

Bank of Montreal

Finally, Bank of Montreal is a great financial pick for investors who want to be on the right side of the rising-interest-rate environment that's right up ahead. While BMO isn't a sole beneficiary of higher rates (the Big Six are all geared to do well as rates ascend), I am a huge fan of its management team and its acquisition of Bank of the West. I think BMO is making a case for why it could be one of the best-managed banks in Canada based on growth and value.

Indeed, BMO may not get as much respect as its bigger brothers in the Big Six, but its dividend and loan book could have the most room to run, especially as management unlocks value from Bank of the West. After the 5% dip, I'm compelled to add to my position for the 3.8% yield.

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Date
2025/08/25
Date Created
2022/01/29
Author
joefrenette