



Worried About the Stock Market? These 3 Cheap Stocks Are Safe as Milk!

Description

The stock market in 2022 has been nothing if not volatile. So far this year we have seen several days when the market crashed 3% or more, only to recover by the end of the day. At one point, **Microsoft** stock crashed 4.8% overnight before rising more than 7%, all in the span of a few hours. Market prognosticators are having a hard time making sense of what's going on. On the one hand, central banks are raising interest rates, but on the other hand, tech stocks are beating on Q4 earnings. It's a mixed bag that is evidently confusing a lot of people, leading to the wild ride we have seen play out so far.

At this point, the tech sell-off has gone far enough that the big tech companies could start rising again. However, there is always the possibility of continued volatility — particularly if investors remain overly concerned about small interest rate hikes. In such an environment, it pays to hold cheap stocks that have enough of a margin of safety to ride out the volatility. In this article I outline three cheap value stocks that should continue to do well in 2022.

Suncor Energy

Suncor Energy Inc ([TSX:SU](#))([NYSE:SU](#)) is one energy stock that has been significantly outperforming the market in 2022. Up 6.6% for the year, it has handily outperformed all of the major North American stock indexes. It's no surprise why this is happening. Suncor is an integrated energy company that [makes money by extracting and selling petroleum products](#). The higher oil goes, the more money Suncor makes. These days, oil is flirting with its highest prices in many years, having recently hit a seven-year high. That will naturally have a positive impact on Suncor in its upcoming quarter. In Q3, Suncor posted solid growth in cash flows and net income due to the soaring oil prices that prevailed at the time. Today, oil prices are even higher, so Q1 earnings should be very solid.

TD Bank

The **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is another stock that is [poised to perform well in 2022](#)

. As a bank stock, it is positioned to benefit in the higher interest rate world that is thought to be coming. Both the U.S. Federal Reserve and the Bank of Canada signalled that they would raise rates in 2022. Earlier this week, the Bank of Canada failed to make good on its promise to do so, but the Fed's plans look solid. TD operates partially in the U.S., where about 33% of its earnings originate from. Banks can make money off interest rate hikes because they increase the profit margins on loans. This effect isn't iron-clad — sometimes the higher cost of deposits can eat into loan margins — but it is observed frequently enough. So TD may profit from the interest rate hikes coming in the year ahead.

Royal Bank of Canada

Last but not least, we have the **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)). Much like TD Bank, it is a major financial institution that can benefit from the interest rate hikes coming this year, instead of being harmed by them like most companies are. That part of the analysis is virtually identical to that for TD Bank. What sets Royal Bank apart from TD is its proportionately heavier focus on the Canadian market. RY does have some foreign presence through its wealth management and investment banking divisions, but it's core banking activities are mostly conducted in Canada. This makes RY a somewhat more "conservative" play than TD. The Canadian banking industry is generally more regulated and more stable than that of the U.S. This results in slower earnings growth but also more stability. So, RY could be thought of as a lower-risk play compared to the more growth-oriented TD.

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