



4 Top Canadian Stocks to Buy in This Volatile Environment

Description

The ongoing tension between Russia and Ukraine appears to have made investors nervous, with the **S&P/TSX Composite Index** falling 2.5% last week. So, given the uncertain outlook, here are four Canadian stocks that could outperform the broader equity markets this year.

Suncor Energy

Amid rising demand and supply concerns due to the Russian and Ukraine conflict, oil prices have crossed the \$90/barrel mark. Meanwhile, some OPEC+ countries are also struggling to increase their production to meet their allotted quota, contributing to higher oil prices. The surge in oil prices has benefited oil-producing companies, such as **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)).

The company, which operates long-life, low-decline assets, can break even and pay dividends at WTI oil trading at \$35/barrel. With oil prices currently trading significantly higher than those levels, its profitability could increase in the coming quarters. Additionally, the company expects its production and refinery utilization rate to improve this year, which could drive its financials in the coming quarters. Also, the company pays a quarterly dividend, with its forward yield at 4.53%.

Given its high-growth potential, healthy dividend yield, and attractive price-to-earnings multiple of 7.8, [Suncor Energy would be an excellent addition to your portfolio.](#)

Waste Connections

Waste Connections ([TSX:WCN](#))([NYSE:WCN](#)) is my second pick, given the essential nature of its business and growth prospects. With improved economic activities, the demand for its services could rise. The increased exploration and production activities amid rising oil prices could also drive its financials in the coming quarters.

Meanwhile, Waste Connections has [acquired assets worth \\$400 million last year](#). Along with these acquisitions, a price hike of 6.5% could deliver double-digit growth. The company has also allocated a

capital investment of \$850 million for this year and expects to generate a free cash flow of \$1.15 billion. However, the company has lost 12.4% of its stock value compared to its recent highs amid the weakness in the broader equity markets. So, investors should utilize the pullback to accumulate the stock to earn superior returns.

goeasy

Third on my list is **goeasy** ([TSX:GSY](#)), which had reported an impressive fourth-quarter performance last week. It generated \$507 million in total loan originations during the quarter, increasing its total gross consumer loan receivable portfolio to \$2.03 billion — 63% year-over-year growth. The company's adjusted operating margin also increased from 35.4% to 36.8%. The increase in top-line and expansion of operating margins have driven its adjusted EPS by 23% to \$2.76.

Meanwhile, on fully utilizing its existing and available sources, goeasy can grow its loan portfolio by around \$200 million per year just from its internal cash flows. The management expects to grow its loan portfolio by \$1.5 billion over the next three years to reach \$3.6 billion by the end of 2024. The growth in its financials could deliver a return of equity of over 22% every year for the next three years. So, given its growth potential and an attractive price-to-earnings multiple of 12.3, I expect goeasy to outperform this year.

Bank of Nova Scotia

Fourth on my list is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), which is trading 2.6% higher for this year. Amid rising inflation, investors expect the central banks to raise interest rates. With the increase in interest rates, the gap between lending and deposit rates could widen, expanding the company's margins. Its diversified business segments and geographical presence provide stability to its financials.

Meanwhile, Bank of Nova Scotia has significant exposure to growth markets, which could witness substantial growth in the coming quarters. The falling provisions and operating leverage bode well for its growth. So, I expect the uptrend in the company's stock price to continue. Also, it pays a quarterly dividend of \$1 per share, with its forward yield standing at 4.35%.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:WCN (Waste Connections)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:GSY (goeasy Ltd.)
6. TSX:SU (Suncor Energy Inc.)
7. TSX:WCN (Waste Connections)

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