The TSX Is on Fire: 3 Stocks Driving the Growth

Description

The TSX has been going upward quite steadily since the 2020 crash. That's longer than almost any of the individual sectors have lasted. This far out, the momentum of the growth *should* have waned, but it hasn't, partly because of the financial and energy sector's powerful ascent. Since they are two of the heavyweight sectors on the TSX, their "direction" has a lot of influence on the **TSX Composite Index**.

That said, there are large-cap stocks from other sectors that are contributing to the upward trend as well.

A gold stock

Many gold stocks have seen a decent amount of growth in 2022, and one of them is **Agnico Eagle Mines** (TSX:AEM)(NYSE:AEM). This $35.7 billion market cap mining giant has grown about 31% since early February. The rise is surprising considering the internal turmoil and changes the company is going through right now, but it makes sense if you look at gold prices.

If it's the start of a long bullish phase, like the one in 2018 and 2019, you may consider buying, because it may get quite close to doubling your capital in less than a year. And if you are planning on holding the gold stock long term as a hedge against the market, waiting for another dip might be good. That way, you will be able to lock in a better yield than the current 2.59%.

An energy giant

The energy sector is going up as a whole, and leaders like **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) are leading the market upwards. The company is one of the largest independent oil and gas producers in Canada and a senior energy company. And its growth has been phenomenal, considering its weight.

This $92.77 billion market cap company has grown over 45% in 2022 alone, and thanks to its strong financials, the valuation is still quite attractive. The yield is also decent at 3.78%, though it can be significantly more attractive if the stock is fated to return to its pre-pandemic price point after the next correction phase.

However, that seems like a distant possibility, as it's currently trading at a 99% premium to that price.

The fertilizer and potash giant

Nutrien (TSX:NTR)(NYSE:NTR) is the fertilizer giant in Canada and one of the largest fertilizer companies around the globe. And it's currently acting as a leader among the companies, pushing the TSX up. This $73 billion market cap giant has seen its market value go up 45% in 2022 alone, and considering the trajectory of its stock, it may grow for a while before normalizing.

The stock is quite adequately valued, and it also offers dividends, though the yield is not very attractive at 1.84%. And while the growth does seem lucrative and its bullish phase *has* recently accelerated, it should be a cautious buy. The post-pandemic growth momentum will run out eventually, and if you don't exit your position at the right time, your portfolio may get weighed down by the company.

Foolish takeaway

Even though the three stocks above are strong drivers for the bull market phase the TSX has been going through, they may not do the same for your portfolio if you buy at or near the top. You may consider buying them for the current growth frenzy but exit as the downward movement starts. You can buy the dip again, lock in better yields, and hold long term for the best returns.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:NTR (Nutrien)
4. TSX:AEM (Agnico Eagle Mines Limited)
5. TSX:CNQ (Canadian Natural Resources Limited)
6. TSX:NTR (Nutrien)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. adamothman
2. kduncombe

Category

1. Investing

Tags

1. Editor's Choice

Date
2025/08/25
Date Created
2022/03/30
Author
adamothman