



The 4 Best Canadian Stocks to Kickstart Your Equity Portfolio

Description

The pandemic effect has faded, pulling down inflated prices of [tech stocks](#). But the stock market is now grappling with the after-effects of generous stimulus checks. Canada is facing 30-year high inflation fueled by stimulus money and surging [energy prices](#) from the Russia-Ukraine war. The central bank is tightening its monetary policy by increasing [interest rates](#) throughout the year. Hence, investors are removing money from stocks and investing in bonds.

But if you do what others are doing, you will get a marginal return. See the present situation, anticipate the scenario a few years from now, and invest in those stocks. In the long term, the stock price should correct to reflect a company's earnings and growth potential.

The four best Canadian stocks for beginners

I have listed four Canadian stocks that could give your portfolio positive returns in the medium and long term:

- **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#))
- **Loblaw** ([TSX:L](#))
- **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#))
- **Bombardier** ([TSX:BBD.B](#))

Enbridge stock

In the Russia-Ukraine war, Canada has emerged as a sustainable alternative for oil and gas. Canada can produce more oil, but the problem is how it will supply to the United States. The existing pipelines are running at full capacity. Enbridge has the largest pipeline network connecting Canada to the United States. Where there is scarcity, there is an opportunity for growth. That explains its 18% stock price rally so far this year.

Enbridge is a hot stock in the energy crisis fueled by the Russia-Ukraine war. At the same time,

Enbridge also has several projects coming online in 2023 that could increase its cash flow and, therefore, its [dividend](#). Even if the stock falls, it could continue its 27-year history of paying incremental dividends. A 5.85% dividend yield could reduce the downside risk of your portfolio.

Loblaw stock

Food retailer Loblaw's stock surged over 75% in a year. That is an inflated growth for a supermarket stock. But there are many caveats. Loblaw has settled a [lawsuit](#) with Frito Lays to increase prices. The settlement means chip brands like Cheetos, Doritos, and Ruffles are returning to Loblaw.

A food retailer is a safe-haven stock to keep in your portfolio. It tends to outperform in a weak market and see sales rise in panic buying. Loblaw can act as a hedge against any major crisis, making it a buy for 2022.

Toronto-Dominion Bank stock

The one stock segment that benefits from rising interest rates is the banking sector. Banks secure money by offering lower interest rates on fixed-income securities and lending money at a higher interest rate. TD Bank is the largest in Canada and the fifth largest in North America by assets and deposits, according to TD Bank's first-quarter earnings. It has significant exposure to the United States (26% of earnings).

However, Canadian banking stocks fell, as the Justin Trudeau government introduced the Canada Recovery Dividend. This dividend is a one-time 15% tax that banks and insurers will have to pay on their 2021 tax year profits above \$1 billion.

Once this one-time payment is over, TD Bank stock could ride the wave of rising interest rates in both the United States and Canada. The U.S. Fed plans to increase the interest rate by 250 basis points this year. This is a good time to buy TD Bank stock while it trades 13% below its February high.

Bombardier stock

Bombardier is now a pure-play business jet maker. This company is undergoing a complete turnaround. The management offloaded its loss-making businesses and paid off a significant portion of its mounting debt, giving it room to reinvest in the business. For the first time in eight years, Bombardier's balance sheet has strengthened. That drove the stock above 630% between November 2020 and October 2021. However, the Omicron wave, rising oil prices, and the war have impacted airlines and related industries.

Bombardier has the financial flexibility to withstand a slowdown and grow revenue and profits in the next [three years](#). This is a good time to buy the stock, as it trades at a 35% discount from its October 2021 high.

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1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BBD.B (Bombardier)
4. TSX:ENB (Enbridge Inc.)
5. TSX:L (Loblaw Companies Limited)
6. TSX:TD (The Toronto-Dominion Bank)

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