2 Top-Performing Stocks Likely to Continue Beating the Market

Description

Many beginner investors are probably feeling like waiting around until the dust settles before getting started investing in this market. And who can blame them? The market feels somewhat scarier than in the early stages of the 2020 coronavirus crash.

Though it felt like the world was ending then, these days, there are several variables that investors are keeping tabs on. And it seems like none of them can go right. Undoubtedly, COVID, the Ukraine-Russia war, sky-high inflation, and a hawkish Federal Reserve are four things bugging this market.

The case for investing amid uncertainties

Moving ahead, it seems like the only way down the market road is lower. However, there are still intriguing value plays that can serve as pillars of stability in this market. And in this piece, we'll look at two that have held up thus far, as the TSX Index falls further into correction territory.

Consider the relative outperformance in energy stocks and cash-rich consumer staples. Such names have been pretty robust amid the correction thus far and could continue to rally in the face of waning market sentiment. Though I'm not an advocate for chasing performance, I think diversifying into such plays is only wise for beginners looking to dip their toes in the market waters at a turbulent time like this.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is the king of Alberta's oil patch. Shares of the top O&G firm are up a whopping 44% year to date and 85% over the past year. Amid the robust rally, shares have only gotten cheaper, thanks to improving fundamentals made possible by the big jump in oil prices.

At writing, CNQ shares go for 9.9 times trailing earnings. The longer WTI stays above US$100 per barrel; the more CNQ stock will have to run without being hit from substantial multiple expansion. Undoubtedly, geopolitical turmoil and scorching inflation are powering oil higher. Though there's no telling where oil's next move will be, I'd argue that the most significant risk for most investors is higher oil and a lack of exposure to energy plays.

With Warren Buffett placing a big bet on big oil, I'd mirror his bet with Canada's top energy giant. As production gradually comes online, I think it'll be tough to knock the red-hot fossil fuel play back into the gutter.

Loblaw

Loblaw (TSX:L) is a boring grocery firm that suddenly became one of the TSX's hottest performers. The stock is 3% away from hitting all-time highs and is well-equipped to navigate inflation and a coming recession. Nobody knows whether central banks will rate hike us into an economic downturn. Regardless, Loblaw seems ready for anything these days, and that's thanks to the consumer staple nature of the firm. Still, management has done a stellar job of improving operations amid global supply-chain hiccups.

Up 11.2% year to date, I view Loblaw as a 2022 outperformer that will keep on outperforming over the next 18 months.

The bottom line

Loblaw and Canadian Natural stock are great performers that can help beginners do well in a rough year. Loblaw and CNQ stock sport juicy 1.4% and 3.8% yields, making them bountiful enough to hang on for the long haul.

CATEGORY

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