



TSX Stocks for Beginners: Where Should You Invest \$1,000 Today?

Description

Markets again seem to be stabilizing this week after a streak of volatility. So, if you consider putting your idle cash into TSX stocks, here are some of the options.

BRP

Some top TSX growth stocks seem to bottom out of late, and one of them is **BRP** ([TSX:DOO](#))([NASDAQ:DOOO](#)). It has lost 10% so far this year, which is relatively better than peer growth stocks. However, considering the superior earnings growth outlook and undervalued stock, BRP could see a trend reversal soon.

BRP is a \$7.5 billion recreational vehicle maker that has operations in over 130 countries. It owns popular brands like Sea-Doo and Ski-Doo and has seen superior growth for the last several years.

Now, as travel resumes post-pandemic, BRP could be one of the beneficiaries of the trend of higher discretionary spending. It saw encouraging demand across its product range in the last few quarters.

According to **National Bank of Canada** analyst Cameron Doerksen, “BRP will continue to face supply chain issues in the coming quarters, but we believe these challenges, as well as market concerns over potential end-market softness, are already more-than reflected in the share price,” [reported BNN Bloomberg](#).

BRP management has given a normalized earnings guidance of \$10.75 to \$11.10 per share for fiscal 2023. That gives a forward price-to-earnings ratio of close to nine. That looks highly discounted at the moment and could drive a notable recovery.

Birchcliff Energy

As natural gas prices are making new highs every day, energy producers are seeing a sharp up move. One such TSX natural gas stock, **Birchcliff Energy** ([TSX:BIR](#)), looks attractive at the moment.

Driven by a solid oil and gas price rally, Birchcliff saw record free cash flow growth in the last few quarters. Thus, the company will likely become debt free by the end of 2022. Interestingly, along with aggressive debt repayments, Birchcliff has also paid shareholders generous dividends. It doubled its quarterly dividend to \$0.02 per share after a record performance in Q1 2022.

Importantly, [natural gas prices](#) have risen beyond \$9 MMBtu this week, almost 200% since last year. So, Birchcliff will likely see even higher earnings growth when it reports Q2 2022. As a result, the stock has already risen 200% in the previous 12 months, and there could still be more upside.

Royal Bank of Canada

If you want to bet on the broader Canadian markets, bank stocks could be good proxies. Among the Big Six, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) looks like a decent bet due to its scale, stable dividends, and solid earnings prospects.

Royal Bank saw steep earnings growth in the latest reported quarter, which led it to a 7% dividend hike. Now, it will pay a quarterly dividend of \$1.28 per share, implying an annualized yield of 4%.

The bank's personal and commercial division saw a decent 17% profit growth year over year during the fiscal second quarter. It might see stellar growth continuing, as the economy crawls out of the pandemic. Rapidly rising interest rates and superior credit quality could also bode well for its earnings growth in the next couple of years.

CATEGORY

1. Investing
2. Stocks for Beginners

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1. NASDAQ:DOOO (BRP Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:BIR (Birchcliff Energy Ltd.)
4. TSX:DOO (BRP Inc.)
5. TSX:RY (Royal Bank of Canada)

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