Top Canadian Stocks to Buy With $1,000

Description

The recent relief rally in broader markets is undoubtedly welcome. But investors should note that we are still not out of the woods yet. Record-high energy prices will likely continue to push inflation higher, indicating that fast-rising rates are less effective. The central banks could get in big trouble and start raising rates even faster. However, markets could see a rally continuing if inflation calms.

Here are three such Canadian stocks that could see decent growth irrespective of where the market goes.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is Canada's one of the biggest utilities and is a classic defensive stock. These safe-haven names play well during market uncertainties. And that's why FTS has notably outperformed broader markets since the start of the Russia-Ukraine war.

Fortis earns stable cash flows because of its large, regulated operations, enabling predictable shareholder dividends. Note that it has increased its dividend for the last 48 consecutive years. It yields a decent 3.5% at the moment.

If you are looking for low-risk options and are okay with settling for moderate returns, FTS is a stock for you.

Though it underperforms growth stocks during bull markets, its less-volatile nature facilitates stability. Driven by its consistent dividends, Fortis has outperformed broader markets in the long term.

In the last 10 years, FTS stock returned 175%, including dividends. However, the **TSX Composite Index** returned only 68% in the same period.

Nuvei

Canadian fast-growing fintech stock **Nuvei** (TSX:NVEI)(NASDAQ:NVEI) seems to have stabilized after the recent tech rout. It has dropped 16% this year and is trading 62% lower than its all-time high of $180 last year. However, it looks attractive after such a steep correction and a decent set of Q1 numbers.

Nuvei reported a handsome 43% year-over-year growth in its quarterly revenues. However, its net profit declined due to higher selling and admin expenses.

Nuvei provides a payment-processing platform to its merchants and supports more than 530 payment methods. It operates with 150 currencies in +200 global markets.

Fundamentally, Nuvei looks like an attractive bet due to its large addressable market and solid earnings growth potential.

MEG Energy

One of the top TSX energy stocks to play the ongoing crude oil rally is **MEG Energy** (TSX:MEG). The stock has nearly doubled this year due to solid financial growth and its discounted stock. But, importantly, if we look at broader energy markets and MEG stock, there still seems to be decent upside potential.

MEG reported earnings of $362 million for Q1 2022, which was a handsome recovery from a net loss of $17 million in the same quarter last year. Interestingly, its superior earnings growth will likely continue when it reports Q2 2022 earnings. This is because realized prices for energy commodities should trend higher, as oil nears US$120 a barrel.

In addition, MEG Energy has an unhedged exposure to crude oil prices. So, as oil rallies higher, MEG will likely see incremental windfall gains for the next few quarters.

Debt reduction remains the primary target for MEG, similar to the industry trend. It plans to use its free cash toward shareholder dividends once it reaches future debt payment targets.

Thus, with an improving balance sheet, undervalued stock, solid earnings growth potential, and expected dividends, MEG looks like an attractive bet among the TSX energy stocks.

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vinitkularni20