



RRSP Investors: 1 Passive-Income Stock Built for This Environment

Description

Most [RRSP](#) investors aren't feeling too good these days, with considerable double-digit percentage losses flashing red in their portfolios. Undoubtedly, the outlook could not be grimmer, with interest rate hikes on the table and evidence of an economic slowdown.

Indeed, a recession and stagflation are horrific scenarios that could bring forth even more pain to RRSP portfolios. It'd feel so relieving for many Canadian investors to hit the sell button. The stock market only seems to go down this year, and it may seem reckless to "stay the course," as negative momentum builds on itself.

While selling here will feel good initially, it may not be a wise move in a few months from now, especially given how quickly markets can ricochet off a bottom. Often, a market rebound is too quick for investors to buy back into. That's why timing the market is a fool's (that's a lower-case f) game.

RRSP investors: Time to hold your nose and buy something?

As prices continue to tumble, RRSP investors who have the liquidity may wish to be a buyer on the way down. Indeed, buying dips seems like a sure way to lose money these days, given the trajectory has been pointing south for nearly six months now.

At the end of the day, it's impossible to time Mr. Market's next move. RRSP investors should expect more pain ahead, but they should not attempt to flee such pain, as the strongest bounce-back days tend to follow the worst down days.

In this piece, we'll have a look at two stocks that are actually rising steadily as broader markets fall. It's these such names that I think RRSP investors can nibble away at if they're feeling reluctant about buying anything in this market. Undoubtedly, energy stocks have been a top-performing sector of late, and they could continue trending higher, even as the economy slips into recession.

Suncor Energy: Momentum and value in one

Consider shares of **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), a great integrated energy company that remains dirt cheap, even after blasting off 60% year to date. Understandably, it can feel uneasy to chase such a hot momentum stock. Many beginner investors got hurt badly for chasing tech stocks in the back half of 2020 and 2021. It did not end well, and it seems like the momentum in the energy patch is also destined to reverse in such a violent way.

Unlike tech in 2021, many oil stocks have fundamentals and cash flows to back up their stocks. Suncor stock trades at 12.2 times trailing earnings, making it cheaper than many stocks that are in a bear market right now. With sights set on US\$150 per barrel of oil, Suncor stock faces considerable multiple compression, as it begins to feel the effects of having industry tailwinds on its side for a change.

As activist investors at Elliot Investment Management targeting the firm for a bit of a shake-up, I'd argue that Suncor has a lot more potential upside than most other energy players in the space. Now, nobody knows if pressure from Elliot will result in meaningful positive change. It could result in a bit of turbulence and negative pressure on the stock. In any case, I think Suncor can improve in a lot of places to unlock hidden value and warrant a more premium multiple.

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