3 Top Canadian Stocks to Buy as Markets Recover

Description

If you are sitting on some cash, investing in some high-quality Canadian stocks makes sense. Perhaps the recent correction brings an attractive opportunity to consider these names at a discount.

Cenovus Energy

Crude oil and natural gas have been trending lower this month on the increasing fears of recession. And the same was mirrored in TSX energy stocks as well. Lower demand amid the economic downturn would lower oil and gas prices, ultimately hampering energy companies' earnings.

However, experts forecast that the demand will still stay strong compared to supply, even in case of a recession. So, triple-digit oil is most likely here to stay. Canadian energy giant **Cenovus Energy** (TSX:CVE)(NYSE:CVE) looks like an interesting bet in the current markets, dropping 20% in the last couple of weeks.

Cenovus reported an eight-times jump in its net earnings in Q1 2022. In addition, its free cash flows soared to $1.8 billion during the quarter against $594 million in Q1 2021. This excess cash was used to repay debt and shareholder dividends.

Driven by record-high oil prices in Q2 2022, Cenovus will likely see another record quarter of financial growth. As a result, there is still a possibility of dividend growth this year.

Despite the fall, CVE stock is still sitting on 70% returns so far. Moreover, strong earnings, prospects, rallying energy prices, and dividend-growth potential could send the stock higher.

BCE

Canada's top telecom operator **BCE** (TSX:BCE)(NYSE:BCE) is another top pick to tackle uncertain markets. Though the stock has been trading weak for the last three months, I think it is well placed for growth from its current levels.

Telecom operators like BCE earn stable revenues in almost all kinds of markets. Because of the regulated nature of its business, it has fair visibility of its earnings and future growth. And that's why BCE offers stable shareholder dividends that yield 6%, one of the highest among TSX bigwigs.

BCE stock has lost 15% in the last three months and is currently trading at its 52-week lows. It makes sense to bet on this safe name given its low-risk business, stable dividends, and especially less-volatile stock.

Also, its scale and financial strength make it a strong contender in the 5G race. Its higher capital expenditures and subscriber base growth will likely bode well for its earnings growth in the next two-three years.

Nuvei

Canadian payment processor **Nuvei** (TSX:NVEI)(NASDAQ:NVEI) is another interesting bet. After correcting almost 40% this year, it is currently trading at its 52-week lows. I think NVEI has seen a fair share of decline in the last nine months. It looks appealing at its current levels, close to $50, with a high margin of safety.

What makes me upbeat about the stock is its strong earnings growth outlook. Nuvei is expected to grow its revenues by +30% in the medium term, with as healthy as a 50% adjusted EBITDA margin.

A payment-processing platform is a high-growth business with a higher threat of competition. However, Nuvei has a competitive advantage with its sports-betting payment platforms that have high entry barriers.

Nuvei saw significant growth last year. And it could change the course later this year, probably when the broader market calms.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. NYSE:BCE (BCE Inc.)
3. NYSE:CVE (Cenovus Energy Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:CVE (Cenovus Energy Inc.)
6. TSX:NVEI (Nuvei Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. vinitkularni20

Category

1. Investing
2. Stocks for Beginners

Date
2025/08/25
Date Created
2022/06/21
Author
vinitkularni20