3 Top TSX Stocks to Buy in Volatile Markets

Description

Even if markets have recovered a bit this week, stocks do not seem ready for a full-sized rally just yet. The Fed's relatively comforting commentary will likely be the key driver for stocks going forward. However, these three TSX stocks will likely outperform in the current situation.

Precision Drilling

As oil and gas prices have drastically risen since last year, energy stocks have created massive shareholder value. Interestingly, along with energy producers, oilfield services stocks have also been on the up move. Shares of **Precision Drilling** (TSX:PD), Canada's top contract driller, have gained a handsome 75% in the last 12 months.

Precision Drilling provides an extensive fleet of contract drilling rigs, well service, camps, and rental equipment. It has seen strong traction for its services amid the oil price rally. Energy producers allocate higher capital expenditure during a supportive pricing environment, ultimately creating more business opportunities for companies like Precision Drilling.

Though Precision has seen handsome revenue growth in the last few quarters, the company is yet to report profits. However, its strengthening balance sheet due to deleveraging efforts and strong macro scenario make it an attractive bet. If oil and gas prices climb up again, PD will likely mirror that move like peer energy stocks.

Canadian Utilities

Utilities are among safe-haven names because of their stable dividends. **Canadian Utilities** (TSX:CU) is one such name that pays handsome shareholder payouts. It currently yields a decent 5% and has increased dividends for the last 50 consecutive years.

Such a long dividend streak was made possible because of its regulated operations and stable earnings. Even in an economic downturn, names like Canadian Utilities continue to earn stable cash flows, which facilitates stable shareholder payouts.

Investors overlook stocks like CU because of their slow-moving nature. But they remain relatively resilient and outperform growth stocks in volatile markets. So, even if you are an aggressive investor, some exposure to such safe, slow-moving names makes sense.

Dollarama

Broader markets seem to have taken a hiatus from their months-long weakness. However, one name that remained much unscathed during all this turmoil was Canada's value retailer **Dollarama** (TSX:DOL). DOL stock has soared almost 20% this year, notably outperforming TSX stocks at large.

Investors perceive Dollarama as a safe haven because of its less-volatile stock and stable earnings. Moreover, its unique value proposition stands tall amid inflationary environments. So, while rising inflation weighs on markets as a whole, DOL stock sees renewed investor interest during these times.

In addition, it operates more than 1,400 stores in Canada, which bodes well for its top-line growth. It has seen a consistent high-single-digit revenue growth annually in the last five years.

DOL stock will likely continue to outperform as uncertainty in the market prevails. If you are looking for a less-volatile name with a decent return potential, DOL could be an intelligent pick.

CATEGORY

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TICKERS GLOBAL

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2. TSX:DOL (Dollarama Inc.)
3. TSX:PD (Precision Drilling Corporation)

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Author
vinitkularni20