1 Wonderful Stock to Buy in July 2022

Description

There's no shortage of cheap TSX stocks to buy as we move further into a wildly volatile summer season.

Indeed, there are considerable risks as central banks tighten to squeeze high inflation back below the 3% mark. With a rising risk of falling into recession by the first half of 2023, waiting for a better entry point seems to be the best course of action for rattled investors who have declared that dip-buying is dead.

This market plunge may be less painful (so far) than the 2020 market meltdown. But it's dragged on for so long that investor patience is being put to the test.

The days of quick riches from buying dips seems to be over. But that doesn't mean you should take a raincheck on stocks altogether. Though the TINA (there is no alternative) phase seems to have come to a crashing end, it's worth noting that there aren't many great alternatives that have emerged over the past few months.

While bonds have slightly higher yields than a year ago, they still appear to be a losing bet on a real basis.

What good is a 3.25% interest rate if inflation continues rising to unprecedented heights?

On Friday, bond yields took a small step back, with a growing possibility of rate cuts that may be needed to revive the economy after inflation is dealt with. At this juncture, it's unclear when the Fed or Bank of Canada will go from tightening to easing. In any case, investors with at least a three-year horizon should be looking to the individual bargains that have emerged in recent quarters.

Don't wait for cheap stocks to get cheaper before doing some buying!

Sure, cheap stocks can become cheaper in the face of a vicious recession. However, it's worth remembering that stock markets tend to point to economic recessions — not the other way around. With some chance of a recession baked into the stock market, there's a good chance that stocks could turn a tide well before it's obvious that recessionary storm clouds are above us.

That's why I'd continue buying incrementally over time. And, if you can help it, buy more than you normally would, with valuations now skewed towards the lower end of the historical range.

In July, I'm a fan of **TFI International** (TSX:TFII)(NYSE:TFII), as it looks to recover from a 35% plunge from peak to trough.

TFI International

TFI is an LTL (less-than-load) trucker that's critical for the health of the economy. Though the firm is economically sensitive, I think that dire predictions for Canada's economy are overblown beyond proportion. Robust commodity prices could help ease the pain of coming rate hikes. And once inflation is ready to turn a corner, the market's next expansionary cycle could be fierce. Heck, the markets may look to price in the coming bull market once the worst of the recession is in the books!

TFI is a well-run company that will keep on trucking. 2023 will be a tough year for logistics firms, but don't expect TFI to fold under pressure. The stock is already down 30% from its peak, and the valuation, I believe, seems to overblow the chance and severity of a coming economic downturn.

The stock trades at 10.2 times trailing earnings. That's too cheap for a company that could get a bit of a jolt once global supply chains are brought back into order and consumers can finally meet their pent-up demand.

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