



Beginner Investors: Now's the Time to Buy These 2 Stocks for Your TFSA

Description

Beginner investors shouldn't try to find a bottom before deploying their capital. There are many terrific bargains today, and while they could get better in a week or month from now, they're not guaranteed to, even with all the negative momentum we've had in the first half of the year.

Indeed, this is the first lengthy market downturn for most investors who started in the 2020s. With a V-shaped recovery off the table and more of a U-shaped relief rally underway, it seems wise to average into various stocks gradually over time. Now, a recession could weigh heavily on your [TFSA](#). But if you play your cards right, there are ways to make money as markets move from worrying about inflation to worrying about how bad corporate earnings will fade going into year's end.

Top TFSA picks for beginner investors in the face of recession

I think the Bank of Canada will be cutting rates once inflation is tamed and we're in a period of economic slowness. Though it's hard to tell what lies up ahead for markets, I think strategic purchases of recession-resilient names may be key to keeping your TFSA out of trouble in the months ahead.

Currently, I'm a big fan of **Loblaw** ([TSX:L](#)) and **Alimentation Couche-Tard** ([TSX:ATD](#)).

Loblaw

Loblaw is a grocery juggernaut that's done quite well over the past year, as it dodged and weaved past inflationary pressures. With a strong private label and a less-bumpy road ahead, I expect the consumer staple to continue outperforming the rest of the TSX Index, especially if oil rolls over.

Loblaw stock is up over 55% over the past year, flirting with new all-time highs, while the rest of the market attempts to make a comeback from a brutal correction or bear market. Though the coming recession could prove milder than expected, investors would be wise not to get into the cyclicals too soon. As a great consumer staple with a magnificent management team, the 20.2 times trailing earnings multiple on L stock seems like a decent value.

Alimentation Couche-Tard

Sticking with the theme of consumer staples, we have convenience store giant Couche-Tard, which isn't just ready for a downturn; it may walk away from it as a winner. The company has a swollen balance sheet, with enough dry powder to make a huge blockbuster deal in the grocery or convenience store arenas.

Given the distaste for Couche's failed Carrefour deal, I'd argue that the firm is likely to play it safe by staying within its circle of competence in the convenience store space. Indeed, management knows the ins and outs of the business and can extract value from every deal it makes.

Many convenience stores may be feeling the pressure as inflation, and economic conditions worsen. As they do, Couche could step up to the plate and fire one out of the park. If it does, its stock will surely rally, as investors know that Couche only makes deals where there's significant shareholder value to be had.

At 15.77 times trailing earnings, Couche stock is a bargain that many are sleeping on. After a mixed round of earnings, I'd look to be a buyer for the dip before a rally past \$60.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATD (Alimentation Couche-Tard Inc.)
2. TSX:L (Loblaw Companies Limited)

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Author

joefrenette

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