



2 TSX Stocks I'd Add and 2 I'd Take Off My Watchlist

Description

In this volatile market, it's a great time to take a good look at your watchlist and decide what should stay and what should go. I've been doing the same, as the **TSX** today continues to drop; it's now down 12% year to date as of writing. I'm even taking off some TSX stocks that were once practically sure things in my book.

Today, I'm going to tell you about two TSX stocks you should consider adding to your watchlist, two to take off, and why.

Two TSX stocks to drop

First off, let's look at the two TSX stocks I'd recommend dropping from your watchlist. Lately, it comes down to the industry rather than the companies themselves. And one industry continuing to suffer is construction.

If you've followed any of my work in the last year or so, I stated construction was a great place to buy into. And it was! With pandemic restrictions easing, construction could get back on track. Companies had *billions* in backlogs that needed filling. But then inflation and supply-chain disruptions hit.

Now, we're at a time where construction is no longer a sure thing — at least in the near term with a potential recession underway. And that's why two popular construction TSX stocks I'd recommend dropping for now are **Aecon Group** and **Bird Construction**.

Inflationary pressures could lead to many deals being delayed or even cancelled, and this creates a risky environment for both companies. There is likely to be even more downside in 2023 with a potential recession, so it's likely a good time to consider waiting for a recovery before buying these TSX stocks again.

Shares of Aecon stock are down 27% year to date, and Bird stock is down 25%.

Two TSX stocks to add

Meanwhile, Canadian investors are now [seeking safety](#), and that lies with utility stocks. These TSX stocks have done well in this market, proving one of the safest places to put your cash, even as shares drop on the TSX today.

That's despite the sector holding high valuations. It seems Canadian investors don't necessarily care if these utility stocks are expensive, as long as they perform. So, instead of seeking out value elsewhere, they stick around and hope for the best.

In fact, the utility sector is doing so well that several companies have announced major plans for the next year even as a recession looms. **Hydro One** stated it's taking on a *second* chief executive officer. Furthermore, **Capital Power** announced a partnership with **Manulife** to buy a natural gas facility in Michigan for US\$373 million.

Honestly, it looks like Canadian investors could be right in this instance. During the last decade, Capital Power and Hydro One both climbed 271% and 109%, respectively, compared to TSX growth of 38%.

Bottom line

If you're in preparation mode, it looks like it could be time to edge away from construction and into utilities. While both [industries](#) are certain to climb after the recovery, some of us don't have the luxury of time. So, make sure to get defensive if you can, and utilities seem to be a great option in this case.

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