2 Stocks Worthy of Your TFSA Today

Description

Beginner investors who've yet to invest their $6,000 contribution limit in their 2022 TFSA (Tax-Free Savings Account) may wish to do so now. Valuations are still in the gutter following one of the worst starts to a year in many decades.

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The Fed's constructive comments on Wednesday, and its raising of interest rates by 75 basis points, has lowered valuations across the board. Combined with somewhat better-than-feared Q2 earnings results flowing in, I'd argue that there's never been a better time to start getting bullish.

Undoubtedly, new investors should resist the urge to chase hot stocks after Wednesday — one of the biggest up days of the year. That said, there are still many pockets of value within the **TSX Index** that could empower TFSA portfolios with strong long-term returns.

Let's check out two stocks that are TFSA-worthy at today's prices for investors willing to hold for three years minimum. Consider shares of telecom giant **Rogers Communications** (TSX:RCI.B)(NYSE:RCI) and grocery giant **Loblaw** (TSX:L).

Rogers Communications

Rogers Communications has been grilled lately, following its embarrassing national outages. This caused regulators to question the telecom firm's proposed acquisition of **Shaw Communications**. The outage was a cause of stress for many merchants who lost considerable sales and people who couldn't reach emergency services via 911. Though the lack of fail-safes was questionable, I think Rogers' reputational damage will be short-lived.

In response to the outages, Rogers replaced its technology chief, hoping that this widescale incident will be the last. New protocols were announced, in addition to investments in an "enhanced reliability plan."

Indeed, Rogers is taking steps to learn from its epic mistake.

More recently, Rogers clocked in a magnificent Q2 2022 result. Adjusted EPS of $0.86 beat the consensus by a penny, while wireless earnings grew 11% year-over-year.

Rogers is firing on all cylinders, and while outages are a stain on the stock, I think the 21% plunge from peak levels is overdone. The bountiful 3.32% dividend yield is also safe in the face of economic pressures.

Loblaw

Loblaw is fresh off of a solid Q2 2022 earnings result. The inflation-resilient grocer clocked in an applause-worthy earnings-per-share (EPS) beat, with $1.69 per-share earnings coming ahead of the consensus estimate of $1.61. It’s not just the bottom-line beat that has investors excited about the TSX top performer. The management team also upped its guidance, expecting its growth to fall in the “mid-to-high teens,” up from low double-digits.

That’s impressive growth and a sign that Loblaw stock’s outperformance is unlikely to end anytime soon. Powering management’s upbeat outlook was ongoing mix improvements (translated to 50 basis points in retail gross margins) and improved retail operating expenditure rates.

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In essence, management continues to find ways to strategically navigate the inflationary hailstorm and supply-chain disruptions. Looking ahead, I expect Loblaw to continue powering upwards, given its recession resilience as a top-performing grocer with one of the best value propositions in Canada.

The stock is up 14% year-to-date and has served as a pillar of portfolio stability. After a beat and raise, I expect more gains are coming.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:L (Loblaw Companies Limited)
3. TSX:RCI.B (Rogers Communications Inc.)

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