



## Canadians: My Favourite U.S. Stocks to Buy Now

### Description

The Jackson Hole meeting up ahead has many investors biting their nails again, with the S&P 500 nosediving more than 2.1% on Monday, while the Nasdaq 100 dropped more than 2.6%. With rates above 3% again, many investors fear that central banks may need to stay hawkish, with more in the way of rate hikes to stomp inflation.

Inflation may have peaked, but dragging it back to 2% is another story. A recession may need to be induced. Though a mild recession could be in the cards, it's unclear as to where rates will settle before the Fed is done with its tightening. In any case, central banks are right to err on the side of caution with a greater dose of rate hikes initially, rather than running the risk of not taking enough "medicine" to combat the disease that is high inflation.

### Don't "play" rate hikes or fight the Fed

Though rate cut hopes are dying down again, I think not much has changed since last week other than investors' expectations for the rate-hike schedule. Indeed, investors got too bullish, as they witnessed solid earnings results across the board, with lower-than-expected inflation in the United States. Though the peak for inflation may be in at around 9%, it's a mystery as to how fast inflation will fall. If it nosedives quicker than we expect, the Fed won't need to hike as aggressively, and talks of cuts (a dovish tilt) could easily be on the table. Such an environment could send the S&P 500 right back to new highs.

On the flip side, markets could begin to drag their feet, as the Fed looks to continue the course, to the disappointment of near-term traders looking to play rates.

### The ZQQ: A bet on the comeback in American tech

Though the U.S. dollar has trounced the loonie of late, there are still great U.S. stocks that I think are worth traveling south of the border for. Currently, I'm a big fan of **BMO Nasdaq 100 Equity Hedged to CAD ETF (TSX:ZQQ)**, or "the Q's," as some like to refer to it. The [ETF](#) provides Canadians with a

quick, easy, and hedged way to bet on a comeback in America's big tech, which, I believe, could lead the markets out of the gutter.

Sure, higher rates are bad news for tech versus the S&P 500. However, at these levels, I think many investors are discounting the ability for earnings to hold up in a recession. Many tech firms have conducted layoffs, but few actually have signs of a recession baked into recent earnings results. On the whole, profitability has been better than expected, given the slate of headwinds.

As the loonie looks to gain ground on the U.S. dollar, I'm a big fan of hedged bets on U.S. tech. Though Canada has their own tech plays, I'm a bigger fan of mature tech, given they have what it takes to hold their own, as rates rise and consumer spending grinds to a halt.

The ZQQ is a relatively [affordable](#) offering after falling back into a bear market. Further, the mere 0.39% management expense ratio seems like a great deal given the CAD hedge.

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