



3 No-Brainer U.S. Stocks for Canadian Investors

Description

Equity markets have slumped for three consecutive weeks after they staged a mild recovery in July. Several headwinds are impacting stocks, including rising interest rates, inflation, and geopolitical tensions. Despite the near-term weakness, investors should take note that the S&P 500 has returned an average of 9.5% in the last two decades.

The S&P 500 offers diversification to Canadians by providing exposure to the largest companies south of the border. The U.S. is the world's largest economy, and a bear market is an ideal time to buy quality stocks at a discount.

Let's see why I'm bullish on these three U.S. stocks right now.

Alphabet

Valued at [a market cap](#) of US\$1.4 trillion, **Alphabet** ([NASDAQ:GOOG](#))([NASDAQ:GOOGL](#)) is the third largest company in the United States. The internet search and advertising behemoth has a wide portfolio of billion-dollar segments that include YouTube, Google Cloud, and a thriving digital ads business.

In its most recent quarter, Alphabet increased revenue by 12.6% compared to the year-ago period. Its price-to-sales ratio is currently 5.4, below its five-year average of 6.6. GOOG is also down 28% from all-time highs, but the stock has returned 290% to investors in the last decade.

In the last 12 months, Alphabet has reported revenue of US\$278 billion and is forecast to increase sales to US\$324 billion in 2023.

At the time of writing, Alphabet is trading at a discount of over 30% compared to Wall Street consensus estimates.

Salesforce

Salesforce ([NYSE:CRM](#)) offers cloud-based customer relationship management solutions to enterprises globally. The company is a market leader in the CRM vertical and expects its total addressable market to touch US\$284 billion in 2026, an increase of 13% annually, providing Salesforce with enough room to increase its top line, given its sales stood at US\$29.3 billion in the last four quarters.

Salesforce is profitable and free-cash-flow positive. The CRM solutions provider estimates sales to touch US\$50 billion by fiscal 2026 due to an expanding base of customers and high retention rates.

CRM stock is valued at 5.3 times forward sales, which is its lowest multiple in the last decade. Shares of Salesforce have returned close to 350% to investors since September 2012 and are down 50% from record highs.

Given average price target estimates, CRM stock is trading at a discount of 45%.

Occidental Petroleum

A Warren Buffett pick, **Occidental Petroleum** ([NYSE:OXY](#)) has crushed the broader markets in 2022, returning 137% to investors year to date. Higher oil prices have acted as a catalyst for Occidental Petroleum and its [energy peers](#). Further, **Berkshire Hathaway** now owns 20% of the oil company and has received permission to increase its stake to 50%.

While the shift towards clean energy solutions might accelerate in the upcoming decades, oil is likely to remain the world's largest energy source through 2050.

In 2022, Occidental Petroleum aims to increase cash flows, reduce debt, and pay consistent dividends to shareholders. In 2021, the company reported record free cash flow allowing it to reduce debt by almost \$7 billion. In February, the oil major increased annual dividends by a staggering 1,200%. In Q2, Occidental Petroleum reduced debt by another \$4.8 billion, or by 19%.

Despite its stellar gains, OXY stock price is trading at a discount of over 10% compared to consensus estimates.

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3. NYSE:CRM (Salesforce Inc.)
4. NYSE:OXY (Occidental Petroleum Corporation)

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