



## 3 TSX Stocks I'd Buy This Week

### Description

Investors are expecting an update on inflation in the U.S. this week. This number should determine the course of future rate hikes, inflation, and market sentiment. In anticipation, here are the top three stocks I'm watching.

### Stock #1 Baytex

[Energy stocks](#) should be on everyone's radar this winter. Europe faces an energy crisis while oil producing regions in other parts of the world have decided to cut back production. Oil is surging higher as a consequence.

**Baytex Energy** ([TSX:BTE](#)) is a small-cap stock that has already experienced some of these tailwinds. The stock is up 61.4% year to date, outperforming the rest of the market by a wide margin. As the energy crisis continues, it could have further upside ahead. The stock trades at just 4.4 times earnings per share. Keep an eye on this undervalued energy play.

### Stock #2 Loblaw

Grocery stores are outperforming the rest of the economy this year. **Loblaw Companies** ([TSX:L](#)) is a top pick in this sector. The stock is up 6.5% year to date, against the 14.5% drop in the **S&P/TSX Composite Index** over the same period.

Loblaw's sales and margins have kept up with inflation as it exerts pricing power over consumers. The stock is still trading at 18.5 times earnings, which implies an earnings yield of 5.4%. I believe this valuation and Loblaw's grip on the Canadian retail sector makes it a top pick for conservative investors this week.

### Stock #3 Enbridge

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is one of the best [dividend plays](#) for gaining exposure to the energy sector. With oil and gas prices edging higher amid supply constraints and soaring demand, the energy infrastructure company remains well-positioned to generate significant value in the years to come.

However, the stock has underperformed in recent months. It is down by more than 14% over the past three months. The sell-off has come from oil prices plunging below the \$100-a-barrel level. Nevertheless, the energy infrastructure company should profit from oil prices above the \$80-a-barrel threshold.

Enbridge has made strategic moves as it looks to affirm its long-term prospects and growth metrics. The acquisition of an oil export facility in Texas for \$3 billion strengthens the company's footprint and edge in the oil industry. The company has also inked a deal to acquire a 30% stake in a liquefied natural gas facility in British Columbia as it also strengthens its prospects on the natural gas frontier

With demand for North American oil and gas soaring by the day amid the European energy crisis, Enbridge is one of the companies well-positioned to meet the growing demand and generate significant value.

The company has \$13 billion. Its capital program is expected to boost revenue and cash flow generation in the years to come. Enbridge has raised dividends for the past 27 years, and this trend is expected to continue for the foreseeable future.

A dividend yield of 6.43% is one of the highest in the energy sector, making the stock an ideal play for passive income. Additionally, the stock is trading at a price-to-earnings multiple of 17, affirming its discounted valuation.

## CATEGORY

1. Investing
2. Top TSX Stocks

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:BTE (Baytex Energy Corp.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:L (Loblaw Companies Limited)

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**Author**

vraisinghani

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