



Here's My Top Value Stock to Buy Right Now

Description

The market roller-coaster ride continues, with Monday's surge essentially reversing the damage done on Friday. Undoubtedly, 2-3% daily moves in either direction aren't anything to write home about anymore, as the broader market looks to find its footing and digest any sort of news pointing to the economy's fate or inflation.

Indeed, the Federal Reserve isn't backing off from its plan to hike rates. If anything, its plan to stay the course to drag inflation back down below 3% could pave the way for an even healthier bull market at some point down the road. Though rate hikes hurt, I think it's far better than the Fed rip the band-aid off now than have to take other less severe measures later and run the risk of dragging out the pain of inflation. Indeed, recessions are terrible, but a prolonged period of stagflation could be far worse.

As stocks move sharply in both directions, [new investors](#) should resist the urge to buy the pops or sell the dips. At the end of the day, this bear market is getting a day closer to exhausting itself. Before it does, though, a few more cathartic pukes may be needed before this market's right as rain again.

In this piece, we'll check out one value stock that I've been buying in September. It's one of my favourite recession-resilient stocks, and it's just a few bucks away from hitting new all-time highs. Despite its relative strength, the stock trades at a ridiculously low multiple to this day. The company I'm referring to is **Alimentation Couche-Tard** ([TSX:ATD](#)), a convenience retailer that I've continued to praise ad nauseam of late.

Couche-Tard closing in on new highs!

Growth investing seems to be dead. While speculative tech stocks with no profits may never rise anytime soon as the Fed continues hiking, I view profitable growth companies like Couche-Tard as firms that could lead the market's recovery out of the depths of the 2022 bear market.

Understandably, there's a potential global recession in the cards for 2023. Now, that doesn't necessarily mean stocks will continue to lose value over the coming 16 months. Markets have likely already priced in the economic pain to be had from relentless rate hikes. Further, the pockets of froth in

the tech sector seem to have already burst.

Though some may argue there's not much deep value to be had in markets after a 16% drop in the TSX Index, Couche-Tard seems to be one of the most obvious value plays hiding in plain sight.

At 15.7 times trailing price to earnings (P/E), Couche-Tard stock is [beyond cheap](#), and its earnings have helped the stock rally in the face of market-wide turmoil. At the end of the day, it's earnings growth that drives the P/E multiple down, inspiring shares to climb higher.

With a P/E multiple on the lower end of the historical range, it's arguable that investors think Couche-Tard will move into slower earnings growth in a recession year. It's hard to resist the pain that comes with a stressed consumer, after all.

Couche-Tard stays strong amid market-wide chaos

What many investors may be discounting is Couche-Tard's ability to keep a solid value proposition for its customers. Amid inflation, Couche has been a solid rock, offering necessities at reasonable prices while saving its customers time.

As the economy slows while inflation stays hot, I expect more of the same. If anything, Couche-Tard could continue to drive earnings higher, as management continues to pursue organic growth initiatives. Finally, every day that goes by is a day closer to a massive acquisition or series of tuck-in deals. Simply put, Couche-Tard is ready to go shopping amid the market wreckage. I think 2023 could be the year that sees the company make a deal in excess of US\$10 billion.

It's been a long time since Couche-Tard made the headlines with a big deal. The strong balance sheet alone is a worthwhile reason to pick up the stock, in my opinion.

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