2 of the Best Canadian Stocks to Buy Before They Start to Recover

Description

Throughout 2022, investors have had ample opportunities to buy the best-of-the-best Canadian stocks while they trade at compelling, undervalued prices.

But many investors have been spooked by a slew of economic factors. Even amidst nail-biting volatility, economic turmoil creates the perfect buying environment for long-term investors.

These significant sell-offs don't happen all the time, so it's crucial to take advantage of them. Furthermore, you never know when the market could recover.

Wednesday of this week was a perfect example of that. The Bank of Canada increased interest rates by only 50 basis points while 75 basis points was widely expected. The lower-than-expected increase in interest rates signaled to investors that inflation could be peaking. Investors immediately started buying again, resulting in an uptick in stock prices.

Most investors find it impossible to predict what will happen in the short run and in which direction the stock market will go. Therefore, once you find high-quality companies that are trading at reasonable prices, don't hesitate. It makes sense to pull the trigger since there's no guarantee that these discounts will last.

And if you're looking for some of the best Canadian stocks to buy now, here are two of the best Canadian stocks to hold in your portfolio for years to come.

A top Canadian agriculture company

One of the best Canadian companies that's also an ideal portfolio stock to hold for years is **Nutrien** (TSX:NTR)(NYSE:NTR), the massive agriculture stock.

Agriculture is an industry that's not just essential, it's also constantly growing over the long haul. Therefore, buying one of the best Canadian stocks in the space and holding it for years to come makes a lot of sense.

Nutrien produces and distributes over 27 million tonnes of potash, nitrogen and phosphate products worldwide. It's the largest producer of potash in the world and third-largest producer of nitrogen.

Furthermore, Nutrien has vertically integrated operations, which makes the business more efficient. For example, Nutrien owns its own phosphate processing facilities and is completely self-sufficient in its phosphate operations.

On top of the upstream operations, it also owns a network of more than 2,000 retail stores in seven countries. These retail outlets service roughly 500,000 grower accounts with complete agriculture solutions, including digital tools.

Therefore, given its dominance in such an important industry as well as its high-quality operations, Nutrien is one of the best Canadian stocks you can buy, especially while it's undervalued.

The stock currently trades at a forward EV-to-EBITDA (enterprise value/earnings before interest, taxes, depreciation and amortization) ratio of just 3.9 times. Besides July, that's the lowest its EV-to-EBITDA ratio has ever been, and well off its average since its inception of 8.2 times.

Therefore, while this top agriculture company offers investors an attractive entry point, it's one of the best Canadian stocks to buy now.

One of the best Canadian telecom stocks to buy now

In addition to Nutrien, another high-quality stock to keep your eye on in this environment is **Telus** (TSX:T)(NYSE:TU).

Telus is one of the best Canadian stocks to buy for a lot of the same reasons as Nutrien. It's one of the few dominant stocks in an industry that's essential and, therefore, highly defensive. This makes it a business that you can confidently buy and hold for the long haul.

Plus, in addition to its defensive tendencies, Telus also has a tonne of growth potential. The telecom continues to make value accretive acquisitions to expand its portfolio. The telecom's purchase of LifeWorks back in June is one such deal.

You may not think it's the cheapest stock on the market today, trading less than 20% off its high. Yet, for a company of Telus' quality, that's still an attractive entry point. Plus, investors can see just how reliable Telus is and how well it can protect your capital.

So if you're looking for the best Canadian stocks to buy for the long term in today's environment, not only is Telus trading undervalued, but it also offers an attractive dividend yield of roughly 4.7%.

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danieldacosta