



Prediction: These 2 TSX Stocks Will Keep on Rising in 2023

Description

When [new investors](#) give up on equities as an asset class or are forced to ditch core holdings in their portfolio to meet other financial requirements, there are enormous bargains for smart investors to take advantage of. Warren Buffett is a brilliant investor who's always ready for a sale, with ample cash on hand and the patience required to ride out a storm.

While nobody knows what the Oracle of Omaha is up to right now, I think it's fair to say that self-guided investors should heed the man's contrarian words of wisdom and buy stocks they view as undervalued, rather than trying to time the economy or markets.

Indeed, exogenous economic events are moving markets. But over the next 15-20 years, such events will carry less meaning, especially for investors who don't act in response to them (unless it's buying while others run for the hills)!

Now, I'm not saying it's time to catch falling knives (there are so many out there). Unprofitable growth could still sink further and hurt your results. Instead, I'd urge investors to consider profitable companies that stand tall on their own, irrespective of exogenous events.

Consider **Loblaw** ([TSX:L](#)) and **Alimentation Couche-Tard** ([TSX:ATD](#)), two companies that can continue moving higher using their own power, with or without help from external sources.

Loblaw

Loblaw is a simple grocer that touched all-time highs of around \$120 per share during some of the worst inflation we've witnessed in ages. Indeed, it wasn't a good look, as the firm received negative press from various outlets for profiting from the inflation surge. Though supply-chain woes and higher input costs may partially be to blame for higher prices at the grocery store, I do think Loblaw's outperformance has more to do with the simple ability to jack up prices and blame external factors.

The company is well-run and seems to be making the most of a tough situation. Loblaw also committed to freezing prices of No Name branded products until the end of January 2023. Such a move seems generous, but it's also a strategic move that will likely cause store traffic to surge through the roof.

Canadians are cutting costs and buying No Name-branded products is a smart way to reduce expenses. The stock trades at 18.7 times trailing price-to-earnings (P/E) after correcting around 11%. With a 1.46% dividend yield, I think L stock is a [bargain](#) right now ahead of a rough 2023 that may not be so difficult for Loblaw.

Alimentation Couche-Tard

Couche-Tard is an exceptionally well-run convenience retailer that's also hitting new highs amid an inflationary year. Undoubtedly, the company is head and shoulders above the competition. With low-cost private labels and a growing line-up of must-have merchandise, it's not surprising to see Couche-Tard buck the trend in its latest quarters, with strong results.

The longer-term picture seems less clear, as more [EVs](#) hit the roads. Charging stations could replace gas pumps. Though Couche-Tard derives a big chunk of profits from fuel sales, it's not exactly its highest-margin item. If anything, the EV shift could help Couche-Tard draw more consumers to its stores to buy goods and food.

Indeed, this convenience store will continue to be compelling in the future, regardless of how our cars are powered. With a strong balance sheet, look for Couche-Tard to finally swing at some deals in 2023. This, alongside robust earnings growth, should help propel shares to new highs in the new year. At 17.1 times trailing P/E, Couche-Tard is a bargain hiding in plain sight!

CATEGORY

1. Investing
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TICKERS GLOBAL

1. TSX:ATD (Alimentation Couche-Tard Inc.)
2. TSX:L (Loblaw Companies Limited)

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Author

joefrenette

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