



The Best TSX Stocks to Invest \$1,000 in Right Now

Description

The ongoing rate-hike cycles of the Bank of Canada and the U.S. Federal Reserve continue to rock Canada's primary stock market. However, since we are the beginning of another earning season, expect companies with strong earnings growth and solid financial results can overcome the [headwinds](#).

If you have \$1,000 to invest, **Acadian Timber** ([TSX:ADN](#)) and **Surge Energy** ([TSX:SGY](#)) are among the best TSX stocks to buy right now.

Strong demand and pricing

Acadian Timber trades at a discount (-17.40% year to date), but it shouldn't be for long. The \$254.56 million company owns around 2.4 million acres of timberlands in Eastern Canada and the northeastern United States. While sales dipped 3.7% to \$23.59 million in the third quarter (Q3) of 2022 versus Q3 2021, net income soared 1,304.4% year over year to \$4.83 million.

Its president and chief executive officer (CEO) Adam Sheparsi said, "Acadian generated solid financial results for the third quarter, despite the challenges posed by increasing costs and limited contractor availability." He added that despite the uncertain economic outlook, steady regional demand and pricing of key products contributed to earnings growth.

Sheparsi likewise expects the trend to continue for the remainder of 2022 and extend into fiscal 2023. For the nine months ended September 24, 2022, the net income of \$13.5 million is 11.2% higher than in the same period in 2021. According to management, rising interest rates, slowing housing sales and price growth are threats to the business.

Acadian forecast lower U.S. housing starts in 2022 and 2023, although the estimates are still above historical levels. Management expects demand for and pricing of its products to remain favourable due to the stability of the northeast forestry and long-term demand for new homes. It also includes repair and remodeling activities.

However, inflation, increased contractor rates, and fuel surcharges paid to contractors could exert

pressure on financial results. Acadian Timber trades at \$15.07 per share and pays an ultra-high 7.69% dividend.

Surging cash flows

Surge Energy isn't as popular as [large-cap stocks](#), but it has delivered considerable gains already in 2022. At \$10.27 per share, it's up by 137.25% so far and dwarfs the red-hot sector's 61.22% year-to-date gain. Market analysts recommend a buy rating and expect the price to surge some more in 12 months to \$14.93 (+45.4%). Your overall return should be higher to include the 4.02% dividend.

The \$862.44 million intermediate oil company acquires and develops conventional, light and medium gravity crude oil reservoirs. According to management, the premium asset quality drives superior returns and enhances shareholder returns through free cash flow (FCF) generation.

In Q3 2022, total revenue (from oil, natural gas, and natural gas liquids) and net income increased 71% and 15%, respectively, to \$179.3 million and \$78 million versus Q3 2021. Meanwhile, cash flow from operating activities and adjusted funds flow climbed 163% and 189% year over year to \$69.2 million and \$80.3 million.

Management as well as the board of directors maintain a positive outlook for crude oil prices, notwithstanding the tight physical market and ongoing geopolitical issues.

Equal allocation

Allocate \$500 equally to Acadian Timber and Surge Energy for diversification. With the average dividend yield of 5.855%, your \$1,000 will generate \$14.64 every quarter. You can reinvest the dividends or accumulate more shares as you go along to realize the power of compounding.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ADN (Acadian Timber Corp.)
2. TSX:SGY (Surge Energy Inc.)

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