3 Top U.S. Stocks to Watch in November 2022

Description

Stocks, which have been impacted by higher interest rates, have entered the first non-COVID-induced bear market since the 2008-2009 financial crisis. What's the good news? Investors are stockpiling capital. With a lot of cash sitting on the sidelines and markets expecting rates to peak in the first half of 2023, here are three top U.S. stocks to watch in November.

Visa

A surge in global travel demand is a rising tide that benefits companies like **Visa** (NYSE:V). Cross-border transactions earn the credit card company significantly more per swipe than domestic transactions. In the fiscal third quarter, cross-border volume increased 40% year-on-year. Despite the suspension of service in Russia and the strengthening of the U.S. dollar, which created some global headwinds, the surge in cross-border volume helped revenue increase 19% in the quarter to $7.9 billion. Revenue for the fiscal year totaled $29.3 billion, a 22% increase.

Visa is more than just a safe bet. It's also become a promising dividend growth stock, recently increasing payouts by 20%. At $0.45, investors will now receive more than double the $0.195 paid by the company five years ago. During that time, it averaged an 18.2% CAGR (compound annual growth rate).

Despite the significant increase, the yield remains modest at less than 0.9%. Visa may not appear to be a bargain at 28 times earnings, but that is historically not a lofty valuation for Visa. The company commands a premium due to its status as a nearly insurmountable payments network encompassing more than 80 million merchant locations worldwide.

Microsoft

Microsoft (NASDAQ:MSFT) is an international tech giant and the world's largest software company. It's one of only three publicly traded companies worth at least $1 trillion. Many of its top products, such as its Windows operating system, Microsoft Office suite of productivity software, and even LinkedIn, which it acquired in 2016, are well-known to consumers. Behind the scenes, its Intelligent Cloud business is an important driver of growth, with revenue increasing 20% in the fiscal first quarter of 2023, a period when overall company revenue increased only 11%.

While the PC slump may continue for a few more quarters, Microsoft's diverse business generates recession-resistant cash flows that could be used for stock buybacks or a higher dividend. Microsoft has a long history of entrenched software products, and 24 times earnings isn't a bad price to pay for a dominant company that analysts expect to grow at a double-digit rate for the foreseeable future.

Lowe's

Of course, the Fed's obstinate determination to raise interest rates has hurt more than just tech stocks. The housing market has also cooled as a result of the end of easy money policies, and real estate corollaries such as home improvement retail chains have felt the pinch. Given that backdrop, as well as the fact that booming 2021 demand makes year-over-year comparisons difficult, **Lowe's Companies** (NYSE:LOW) has performed admirably this year.

Lowe's Companies is the country's second-largest home improvement retailer (after **Home Depot**). Total sales for the most recent quarter were $27.5 billion, compared to $27.6 billion in the same quarter a year ago. Net earnings remained flat in the most recent quarter compared to the previous year, while earnings per share increased 9.9%, aided by stock buybacks that reduced the share count.

Comparable sales growth and new store openings in North America will drive future growth. Rising costs are putting pressure on the bottom line, but Lowe's can offset this with top-line growth. Lowe's looks like a solid long-term stock to buy at 14 times earnings.

CATEGORY

1. Investing
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2. NASDAQ:MSFT (Microsoft Corporation)
3. NYSE:V (Visa)

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