3 TSX Stocks I'd Buy This Week

Description

2022 is a very interesting time to be buying stocks. Stock prices are down, yet earnings in some sectors (like energy) are up. Big tech stocks, in general, are holding broad market performance back this year. Many of the big U.S. tech companies posted large declines in revenue and earnings last quarter. Some Canadian tech companies did, too.

Not all tech stocks are doing poorly, and not all energy stocks are doing well, but the general theme is that the strength is in energy this year. This could be a good time to buy tech stocks in anticipation of a future recovery.

In this article, I will explore three Canadian stocks that I'd buy this week in anticipation of a future economic recovery.

Constellation Software

Constellation Software (TSX:CSU) is a TSX technology stock that has rewarded its investors handsomely over the years. The stock has risen over 10,000% since it went public in 2006. It's one of the few tech stocks out there that's still delivering solid growth.

In its most recent quarter, CSU delivered 33% growth in revenue and 28% growth in net income. For tech companies in general this year, these kinds of results are practically unheard of. The vast majority of big U.S. tech companies, and most Canadian tech companies, delivered negative earnings growth last quarter. Constellation's emphasis on enterprise software with solid niche use-cases is paying off in a big way.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD) is another popular Canadian stock that has been beating the market ever since it went public. ATD stock is up about 1,000% over the last decade, which is a much better return than the TSX.

ATD has a number of characteristics that make it a desirable stock this year.

First, it benefits from inflation rather than being harmed by it. A big part of its business is selling fuel outside its convenience stores. The more gasoline prices rise, the more fuel revenue ATD brings in.

Second, it has a solid approach to growth. ATD is always investing in its business and buying new assets, but it doesn't take on extreme amounts of debt to do it, so it tends to grow without making its balance sheet ugly.

Third and finally, it has solid brand recognition. Circle K stores are recognizable all across Canada. It's very good at getting people into the door with its $0.99 soda deal. Overall, ATD is a strong, stable Canadian business that isn't going anywhere and will probably thrive if oil prices stay high.

CN Railway

Canadian National Railway (TSX:CNR) is a Canadian stock that I've owned in the past. I'm considering buying it again.

It's a company defined by a high economic moat, which is a major advantage over its competitors. CNR is the only North American railroad that touches three coasts, which gives it a big advantage in certain shipping routes. For example, if you wanted to ship something from B.C. to the southern U.S., CN would be the obvious railroad to go with.

Thanks to its big advantage in long-distance shipping, CNR has managed to build a $250-billion-a-year book of business. A great transportation company that will thrive as long as the economy does well.

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