



3 Stocks I'll Load Up on in 2023

Description

2023 is just around the corner, and it's looking like it could be a good year for stocks. Many economists predict there will be a recession next year, beginning early in the year. Historically, stocks tend to bottom just as recessions are beginning to take shape. So, we could see stocks rise next year after dipping a little near the start of the year.

In this article, I will explore three stocks I'll load up on in 2023, anticipating the recession and recovery that many experts expect.

Bank of America

Bank of America ([NYSE:BAC](#)) is a U.S. [banking stock](#) that I started buying this year. It is doing pretty well compared to many of its peer companies.

In its most recent quarter, it grew its net interest income (interest earned minus interest paid) by 24%. That's a solid growth rate. Net income declined a little in the quarter, but not too much (about 5%).

I wouldn't take that slight decline in profit as necessarily a big deal. Banks are subject to all kinds of accounting rules that other companies aren't. For example, they need to create reserves to cover potential defaults and subtract the expected losses from net income. This has the effect of reducing earnings, but it's not a true "cash flow" loss; it's just a precaution.

If the economy gets less risky in the future, then the reserves can be released, leading to higher earnings.

TD Bank

Toronto-Dominion Bank ([TSX:TD](#)) is another banking stock I'll likely buy next year. It's Canada's biggest bank by assets and the second biggest by market cap. Much like Bank of America, it is growing its net interest income this year. Unlike Bank of America, it's growing its profit as well.

In its most recent quarter, TD's adjusted earnings grew 6.6% compared to the prior year. That's a very impressive growth rate for a bank in 2022. This year, banks are mostly delivering negative earnings growth, because of the aforementioned increase in loan loss reserves. Yet TD is delivering positive growth. It has been an impressive showing.

Also worth mentioning is the fact that TD has a deal coming up. In February, TD announced that it would buy out **First Horizon** for US\$13.4 billion. FHN shareholders approved the deal, so TD only needs regulatory approvals to proceed. If it does proceed, then it will gain an extra \$1 billion per year in net income.

Alphabet

Alphabet ([NASDAQ:GOOG](#)) is a [technology stock](#) I'll likely buy next year. Unlike TD and Bank of America, GOOG has not been rising so much lately, but that's precisely why I plan on buying it.

Last quarter, GOOG revealed that it continued hiring at a furious pace, which caused earnings to decline. Even though revenue went up, the massive cost increases caused profit to go down. It looked bad, but looking ahead to the long term, Google has a lot of room to sort these issues out. In the meantime, it has a near monopoly in search and owns YouTube, the world's most popular long-form video platform. Talk about an enviable collection of advantages!

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