



## 2 Canadian Stocks Set to Soar in a New Bull Market

### Description

A new bull market is never as far as you'd think in the heat of a [bear market](#). Undoubtedly, this bear market has dragged on for quite a while. As it hits the 11-month mark, questions linger as to whether it'll keep on weighing on broader markets or if a new bull is around the corner. Indeed, it's been tough to trust any market rally in the hands of the bear.

We've seen some powerful bear market rallies be cut short, only to implode in a devastating fashion. Right now, we're seeing markets really run out of steam, now that optimism following the cool U.S. consumer price index report has now been exhausted. Whether we're headed back for the lows remains to be seen.

### New bull market: Nobody knows when it'll happen, but it may prove wise to buy before it roars

Despite the likely recession that's getting closer each day and a still relatively hawkish central bank, I think it's not unwise for long-term investors to look ahead to the next bull market. After the bear comes the bull. Even if this current bear market extends into the first or second quarter of 2023, the bear is getting a tad long in the tooth, at least historically speaking.

Now, I have no idea when the next bull market will run. Those who attempt to time it will probably be wrong. Though the current bear market is getting old, it's still quite mild compared to those in the past. The S&P 500 sagged as low as 26%. That's hardly the worst decline in the bear's track record.

Still, if we're in for a mild recession, stocks may be on their way to recovery in the new year. In any case, Canadian investors should focus on wonderful companies at cheap multiples. Currently, **Spin Master** ([TSX:TOY](#)) and **Sleep Country Canada Holdings** ([TSX:ZZZ](#)) look like great deals to check out on Cyber Monday week!

## Spin Master

Spin Master is a Canadian toy company that's wheeled and dealt at a rapid pace over the years. The company's balance sheet has remained strong, leaving ample room to buy the dip in an ailing toy market. Recently, Spin made headlines for its purchase of puzzle firm 4D Brands. I think the deal complements Spin's impressive roster well. Though many investors may be puzzled by the deal (sorry for the pun, folks!), I think it's a wise move that could be one of many as valuations continue to contract across the board.

Undoubtedly, Spin's merger and acquisition prowess and strong cash position will come in handy, as multiples continue to fall into a recession year. At just 8.92 times trailing price to earnings (P/E), TOY stock strikes me as real value in the mid-cap universe. The \$3.5 billion mid-cap is too cheap with expectations quite low ahead of the holiday season. Sure, the holiday season may be less exciting this year. Nonetheless, seasonal strength is seasonal strength. And I think it could be enough to power Spin higher.

## Sleep Country Canada Holdings

It's easy to sleep on discretionary retail plays going into recession (again, sorry for the pun!). That said, Sleep Country looks to be priced as though the coming [recession](#) will be a really bad one. Though there's always a chance of a severe 2008esque recession, I find it unlikely. The labour market is still strong, and there's a good chance central banks can do away with inflation without crushing corporate earnings severely.

At 8.48 times trailing P/E, ZZZ stock is a heavily sold-off play that could outperform if there's nothing to fear about the looming recession other than fear itself. Mattresses and sleep products will be in high demand again, whether it's late next year or a few years down the road. If you've got a three-year horizon, I think the risk/reward scenario is spectacular.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:TOY (Spin Master)
2. TSX:ZZZ (Sleep Country Canada)

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