3 TSX Stocks to Buy Before the New Year

Description

If there are companies you should buy before the end of 2023, it has to be the Big Six Banks. These companies are due for a huge recovery during the next year. Why? Because these **TSX** stocks have one thing that helps them during a downturn: provisions for loan losses.

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Loan losses are exactly what these companies have been going through during the last year due to raising interest rates. But because of provisions, they've planned for times such as these. That means they can recover quickly, and have. If you look at the past few decades, you'll see that within a year these TSX stocks were back at pre-fall prices.

But not all banks are the best. So today, I'm going to give you the top three I would buy before the new year that are due to soar in 2023 and beyond.

BMO

Bank of Montreal (TSX:BMO) is perhaps the first I would consider. BMO stock offers not just provisions for loan losses, but also a huge growth opportunity. This comes from its recent focus on expansion, specifically in the United States. BMO stock is one of the TSX stocks that's been growing through acquisitions, with the company recently purchasing Bank of the West in the U.S.

Because of this, BMO stock offers the rare combination from the banks of dividends and major growth through capital appreciation. Meanwhile, the stock trades at just 7.8 times earnings, putting it well within value territory. So you can, therefore, also lock up its dividend for a great price of 4.28%.

All together, this is certainly a company that I would buy before it recovers. Should it reach its consensus target price in the next few months, right now that's a potential upside of 12%.

CIBC

Another of the top TSX stocks to consider in the banking industry is **Canadian Imperial Bank of Commerce** (TSX:CM). CIBC stock is great for those seeking dividends, as it offers the highest of the batch. But for those not wanting to put too much money aside, it also works as it's the cheapest of the banks after its stock split.

But it's not like you won't be getting growth. CIBC stock has seen immense interest thanks to its focus on customer service, placing significant attention on this aspect to gain and retain more clients. And again, it's a huge deal based on fundamentals, trading at just 9.2 times earnings, with a dividend of 5.17%.

Investors could therefore bring in stellar dividends before the new year. Meanwhile, they could also look forward to returns of 14%, based on CIBC stock's consensus price target.

TD

If you want to go big or go home, then you likely want to consider **Toronto Dominion Bank** (TSX:TD). TD Bank is the second largest of the Big Six Banks, based on market capitalization. And there's a reason. It's one of the top 10 banks in the United States, and doesn't show signs of slowing its expansion.

That is, when it comes to expanding in general. TD stock has been expanding online, through wealth and commercial management and its credit card partnerships. These are all highly lucrative revenue streams, from the bank that offers a wide range of loan options for its clients. But because of this, TD stock doesn't offer the best deal among these TSX stocks.

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Shares are down about 5% year to date for TD stock, and trade at 11.3 times earnings. Still valuable, but just not *as* valuable. You can pick up a dividend at 3.96%, with a potential upside of 11% as of writing.

CATEGORY

1. Bank Stocks
2. Investing

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2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:TD (The Toronto-Dominion Bank)

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