2 Canadian Stocks I'll Be Buying Hand Over Fist in 2023

Description

The stock market rollercoaster could continue on going into the new year, with high hopes that the Federal Reserve and Bank of Canada will stop going into full-on hawk mode.

Undoubtedly, there are still some strong hawks over at the Fed who believe it'll take more aggressive rate hikes to knock inflation down. On the flip side, many pundits think the fight against inflation is one of the past and that further rate increases will only apply unneeded pressure to the broader equity markets for no good reason.

It's hard to tell what's up ahead. The macro picture is tough to paint with today's slate of information, given pundits on both sides. Personally, I think neither the hawks (those who expect more big rate hikes coming) nor the doves (those who think the Fed can pause or even cut rates next year) will be able to make considerable sums by allocating capital in accordance with their predictions.

Instead of trying to forecast macro events that can be influenced by so many external variables, I think it's far wiser to be ready to roll with whatever comes along.

That means being ready for a repeat of 2022 (a continuation of this bear market) and the birth of the next bull market. By not subscribing to one stance (bullish or bearish), one can do well without needing to worry about being thrown a curve ball. If you consider the wide range of potential outcomes, you'll be better prepared and won't be as disappointed if things don't go your way.

In this piece, we'll have a look at two intriguing dividend payers that could rally, regardless of how hard or soft the economic landing is!

Restaurant Brands International

Restaurant Brands International (TSX:QSR) is a fast-food firm that doesn't get that much respect, partially due to questionable management practices (excess cost cuts) and getting mostly bettered by rivals. Still, the firm behind Burger Kings, Tim Hortons, Popeyes Louisiana Kitchen, and Firehouse Subs has a lot of firepower behind it.

The company's expansion growth potential alone is enough to pound the table on shares right here. With success in growing same-store sales comparables in recent quarters, QSR may be one of the most intriguing earnings growers that can keep doing well in a mild recession.

The stock has been on a strong rally ever since it was announced that the firm brought ex-**Dominos** chief executive officer Patrick Doyle to the executive chairman seat. Doyle is no stranger to turning things around.

As QSR looks to invest in growth, while potentially going on the hunt for its next brand acquisition, I can't help but be profoundly bullish at these levels. At 20.9 times trailing price to earnings (P/E), QSR stock offers the best of both worlds: growth and yield (3.24% dividend yield).

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD) is another underrated earnings grower that stands to be less moved by a recession. The convenience retailer is among the best run in the industry.

The firm makes deals that produce enormous value for long-term shareholders. Like QSR, the company is also big into driving same-store sales via creative means. Whether it be enhanced fresh food offerings, restaurantesque offerings, or a foot in the door of the cannabis market, I view ATD stock as a growth gem that's priced as a value stock.

At 16.3 times trailing P/E, ATD stock is precisely the type of name you'd want to own in a rising-rate world. Higher rates call for profits in the present. In terms of profitable (and recession-resilient) growth, it's tough to top Couche. I'm a buyer and will continue to accumulate shares on any short-term dips.

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1. Investing

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2. TSX:QSR (Restaurant Brands International Inc.)

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