These TSX Winners Should Keep Running in 2023

### Description

The economy seems to be on the cusp of a 2023 recession. That has many Canadian investors worried about how much more pain their portfolios will be in for in the new year. Undoubtedly, this year has been a mild correction for the TSX Index, which is down just shy of 10% from its all-time high hit just a year ago. The magnitude isn't as noteworthy, given the Canadian market has been held up by strength in energy stocks.



South of the border, the pain has been more pronounced, with the S&P 500 off just shy of 18% from its high. Though the peak-to-trough damage of around 26% is in the rear-view, the bears think such a level will be tested at some point down the road, as we move closer to the dreaded economic downturn.

It seems like a losing cause to be an aggressive buyer for stocks here. Rallies can't seem to sustain themselves in bear markets. The market-wide sentiment is just in the gutter right now, with many investors punching their tickets to defensives and risk-free securities to reduce any further downside.

## Like it or not, stocks are less risky than they were a year ago

Despite the downbeat mood, there's reason for investor optimism. Stocks are a better value today than they were a year ago! Further, 2023 could be a year full of surprises. Both bullish and bearish surprises are possible, as stocks attempt to find new footing after one of the longest bear markets in recent memory.

There's still money to be made in the new year. Even as the masses dump risky equities for higher-rate bonds, young investors have a lot of reasons to stay the course with stocks.

Recent TSX winners could carry over their success into the new year. Firms like **Dollarama** (TSX:DOL) and **Metro** (TSX:MRU) are just two top performers that can help power gains that could put most other investments to shame.

## Dollarama

Dollarama is a growth-driven discount retailer that's up more than 25% year to date, thanks in part to macro factors that helped propel sales. High inflation and a financially challenged consumer have helped Dollarama take share in the Canadian retail scene. Though prices have climbed in response to inflation, it's Dollarama's high price certainty that's kept consumers coming back.

Simply put, it's easier to stick with a budget when shopping at Dollarama than at your local grocery store. As we move into 2023, I expect more of the same. Inflation will linger, and as the economy tests a recession, Dollarama's strongest tailwinds may still be up ahead.

The stock trades at a hefty premium at just shy of 32 times trailing price-to-earnings ratio. Such a multiple reflects good times in 2023. I think there's a good chance that Dollarama may be worth an even higher multiple, given the wonderful management and unique defensive tailwinds.

# Metro

Metro is a grocery retailer that's up around 16% year to date. Indeed, many grocers have been slammed by various pundits for taking advantage of consumers amid inflation. Despite the criticism, Metro noted its gross profit margins are flat year over year.



In any case, Metro seems to be more willing than its rivals to put customers over near-term profits. By doing so, Metro's brand strength and market dominance could last well after this inflation storm is over.

The stock trades at 22.1 times trailing price-to-earnings ratio and has a 1.42% dividend yield. That's a fair price to pay for a company that likely won't be slowed by a recession.

**CATEGORY**

1. Investing

**TICKERS GLOBAL**

1. TSX:DOL (Dollarama Inc.)
2. TSX:MRU (Metro Inc.)

**PARTNER-FEEDS**

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

**PP NOTIFY USER**

1. joefrenette
2. kduncombe

**Category**

1. Investing

**Date**
2025/06/27
**Date Created**
2022/12/07
**Author**
joefrenette