My Take: 4 Strong TSX Stocks to Buy This Week

Description

The markets have been brutally volatile this year, thanks to stubborn inflation and rapid rate hikes. However, not all stocks trended lower and lost value amid these challenges. Some played well, and a few rather doubled. They could continue to outperform next year due to their strong market position and earnings stability. Here are four TSX stocks to buy for next year.

Baytex Energy

Although energy names have turned financially sound in the last few years, their strong correlation with oil prices makes them relatively risky. The recent volatility speaks for itself with TSX energy stocks tumbling 15-20% in just the last two weeks. After the correction, **Baytex Energy** (TSX:BTE) looks appealing and poised for growth next year.

Baytex Energy has returned 50% this year, which is in line with its peers. The stock rallied after its record free cash flow growth and massive deleveraging this year. Interestingly, the trend could continue in 2023. And that's mainly because Baytex plans to increase its production from Clearwater, one of the most economical oil plays in North America. So, if oil prices again head higher, Baytex will likely see higher earnings growth and superior margins.

It is currently trading four times its earnings and at a free cash flow yield of 20%. That looks discounted and could create notable shareholder value in 2023.

Cineplex

Reopening after the pandemic seems to be playing in favour of **Cineplex** (TSX:CGX). After back-to-back years of losses and cash burn, the Canadian theatre giant is turning profitable.

Cineplex reported comfortable profits in the third quarter (Q3) of 2023 and showed healthy profit margins. While this could still just be the start, it might see the course continuing for the next few quarters. CGX stock has lost 20% this year, underperforming broader markets. But it has soared a decent 15% since last month after reporting its Q3 2022 earnings.

Another growth driver for Cineplex could be its pending settlement with **Cineworld**. If it receives the expected $1.24 billion from the latter, it could substantially strengthen Cineplex's balance sheet.

CGX stock does not look expensive from a valuation standpoint. If financial growth continues for the next few quarters, CGX stock could rally to its February 2022 highs.

Tourmaline Oil

Natural gas prices have been stronger than crude oil this year, mainly due to the European energy crisis. So, Canadian gas producer **Tourmaline Oil** (TSX:TOU) has been one of the beneficiaries. It has seen massive free cash flow growth and debt repayments this year. This has created enormous value for shareholders, with a more than 100% return this year.

Tourmaline's flurry of special dividends speaks about its business strength and earnings visibility next year. It has guided for free cash flows of $3.7 billion in 2023, enough for its dividends and deleveraging. So, investors can expect strong performance continuing from TOU next year as well.

goeasy

Canada's consumer lender **goeasy** (TSX:GSY) has had a rough time, losing more than 30% this year. However, the business is fundamentally strong, and it was the macro challenges that weighed on the stock.

goeasy has witnessed stellar earnings growth in the long term, with its consumer loans to non-prime borrowers. It is a relatively riskier industry. But goeasy's strong execution played out well and delivered massive shareholder value. To be precise, GSY stock has returned nearly 1,700% in the last 10 years.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BTE (Baytex Energy Corp.)
2. TSX:CGX (Cineplex Inc.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:TOU (Tourmaline Oil Corp.)

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. kduncombe
2. vinitkularni20

Category

1. Investing

Date
2025/07/21
Date Created
2022/12/14
Author
vinitkularni20