



Canadians: 2 Bargain Stocks to Buy Together in 2023

Description

The TSX Index is under considerable pressure again, and I'll bet you know why. It's the same, old recession jitters. With more interest rate hikes scheduled in the new year, we'll finally see the extent of the damage. Indeed, the U.S. Federal Reserve (the Fed) has stuck with its hawkish tone. They're fighting inflation, and they don't want to give it any chance of swelling higher again.

Indeed, it's hard to be Fed chairman Jerome Powell these days. There's no easy way to put the inflation genie back in the bottle without causing economic damage. Nobody knows if the Fed will change its mind once the recession finally arrives. At the first signs of recession, the Fed is usually the first to step in with relief and accommodative policy to prevent a worst-case scenario. As we head into 2023, we could face a recession with no assistance from central banks. And that's a scary thought for many.

While central banks have given off the perception of hawkishness, I think they'll play it by ear (with a data-driven approach), as always.

Further, they're prone to making mistakes. One too many rate hikes could entail a cut or two in the back half of 2023. Indeed, it seems far-fetched to even be talking about rate cuts because there are more rate hikes up ahead. Regardless, inflation's retreat seems to be a good sign, even though markets are no longer upbeat about cooler-than-expected consumer price index reports as they used to be.

In this piece, we'll draw more attention to Canadian stocks that are capable of offering lowly correlated returns. In a [bear market](#) and recession year, upside chasing can get investors into deep trouble. That's why a focus should be on returns relative to risks. Specifically, recession risks as central banks pummel us into what could be one of the harshest downturns since 2008.

Indeed, recessions sound scary. But stock investors must not attempt to predict the severity of a downturn. Doing such is akin to timing the market. It's virtually impossible to do for most. Instead, investors should stay on a steady path, with names like **Nutrien** ([TSX:NTR](#)) and **Barrick Gold** ([TSX:ABX](#)).

These commodity stocks can zig when markets zag. And zigging while markets zag lower may be the best thing for investors seeking to combat volatility.

Nutrien and Barrick: Potash and gold make for compelling TFSA or RRSP diversifiers!

Nutrien and Barrick stocks are great Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP) diversifiers in that they are capable of moving higher without needing the economy to heat up. As the market falls into a slump, we could see NTR and ABX stocks begin to pick up again.

In 2022, it was [energy](#) that led markets higher, as tech and most other names sunk. This year, other commodity plays may get in on the action. Nutrien stock really popped earlier this year, but in recent months, the stock has run out of steam. I think now is a great time to look to the top potash (and agro commodity) producer before it has a chance to clock in more impressive results.

The company is still generating a lot of free cash flow, even if agro commodities are off their peak. At 5.2 times trailing price-to-earnings (P/E) ratio, NTR stock is a great play with a 2.64% dividend yield.

Similarly, Barrick Gold is a top miner that could have room to run as the gold rally picks up steam. Crypto's downfall has likely contributed to gold's recent run. In any case, Barrick is poised to benefit as investors warm up to gold as a store of value again. The stock was up 4.2% on Tuesday in a big day for precious metals. I think more of the same is in store for 2023.

Who knows? Gold could surpass US\$2,000 per ounce next year as recession approaches and the Fed hits the pause button.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ABX (Barrick Mining)
2. TSX:NTR (Nutrien)

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

2025/07/19

Date Created

2022/12/22

Author

joefrenette

default watermark

default watermark