



My Favourite Investing Ideas on the TSX Today

Description

The TSX Composite Index slipped 5% in December as the Bank of Canada continued to grow its [interest rate](#) by 50 basis points (bps). As economists and the central bank warned of a mild recession in the first quarter of 2023, investors started selling stocks. Amid the weak macroenvironment, one stock bottomed out to its 52-week low due to company-specific reasons. The current state of the TSX is an attractive opportunity to use a buy-the-dip investing strategy and lock in higher dividend yields and a possible recovery rally.

My two investing ideas for today's TSX

The TSX has many [energy stocks](#), each specializing in a particular segment of the energy sector. The TSX bears have created an opportunity to implement a few investing ideas in your Tax-Free Savings Account ([TFSA](#)) and maximize your returns.

Compound your returns with dividend reinvestment

Dividend aristocrats are a definite buy on the dip as they have a strong history of growing dividends regularly. You can compound your returns by investing in companies that offer dividend reinvestment plans (DRIP).

One such dividend aristocrat, **TC Energy's** ([TSX:TRP](#)) stock price fell closer to its 52-week low after an oil leak at its Keystone pipeline. The oil spill is the biggest in the pipeline's history and has placed TC Energy on the radar of environmentalists. The company has a team to handle such issues, as this is not the first time the pipeline has leaked. The Keystone pipeline has leaked 22 times in 12 years. It contributes less than 12% towards TC Energy's net income. The 18% dip has priced in the lost income from the leak.

It is a good time to invest \$3,000 to \$4,000 in this TSX stock and lock in a 6.5% dividend yield. Better still, TC Energy offers a DRIP. A \$3,000 investment will buy you 54 shares of TC Energy that pay a \$3.60 dividend per share annually. Reinvesting the \$194 dividend will buy you more than three shares

of TC Energy in a year.

Stay invested as long as the company maintains its DRIP and 3% dividend growth. A rising dividend can buy you 38 shares in 10 years and boost your dividend income to \$405 per year for your \$3,000 investment.

Use the greater fool's theory with a cyclical stock

Keyera ([TSX:KEY](#)) is a midstream oil company whose stock price is influenced by oil prices. Keyera's stock price fell 7% as the WTI crude price fell 12.5% to US\$71/barrel in early December. The oil price will remain volatile next year as several bullish and bearish factors play. The western countries' sanctions on Russian oil and gas have created a significant supply gap in Europe.

S&P expects oil prices to be in the range of US\$70-US\$121 depending on how the factors play out. If China succeeds in overcoming COVID, oil demand could surge significantly pushing oil prices to US\$121. But a global recession could reduce oil demand and oil prices to \$70.

The oil price has surged 12% closer to its November peak of US\$79.53 as the Keystone pipeline leak disrupted supply at a time of year when the United States temperature drops. But Keyera stock didn't surge.

Now is a good time to buy Keyera stock at \$29.15 and sell it when the stock crosses \$32, representing 9.7% capital appreciation. While you hold the stock, you can earn a monthly \$0.16 dividend per share. So if you invest \$1,000, you can buy 34 shares of Keyera and get \$5.48 in monthly dividends. If the stock reaches the \$32 target price in a month, you can get \$98 in capital gains. In a month, you earn \$103 on a \$1,000 investment.

TSX investing tip

The TFSA is a blessing for stock market investing. It allows you to earn tax-free dividends and reinvest them to buy another stock without incurring tax. You can use Keyera's dividend income to buy some small-cap growth stocks like **BlackBerry** that trade at \$4.64, closer to the price at which the 'Canadian Warren Buffet' Prem Watsa purchased the shares.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:KEY (Keyera Corp.)
3. TSX:TRP (TC Energy Corporation)

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