These 3 TSX Stocks Are Set to Soar in 2023 and Beyond

Description

The energy sector delivered a sterling performance in 2022, but it wasn't enough to salvage a positive return for the **S&P/TSX Composite Index**. Canada's primary stock market lost 8.7% last year compared to a gain of 21.7% in 2021.

According to market experts, runaway inflation, interest rate hikes, and supply chain bottlenecks combined to heighten stock volatility. Nevertheless, some of them paint a different picture for this year. Brian Madden, the chief investment officer at First Avenue Investment Counsel, expects Canadian stocks to enter a bull market.

For Kurt Reiman, BlackRock's senior strategist for North America, the TSX's outperformance versus the U.S. and other developed markets is one of the most remarkable developments in 2022. He expects the outperformance to continue this year.

Apart from energy and financial, these experts think the industrial sector should do well in an elevated inflation environment and rebound from a recession. Also, one stock from each sector could soar in 2023 and beyond.

Energy

Crew Energy (TSX:CR), ranked third on the 2022 TSX30 List, should fly higher in 2023. Its share price remains relatively cheap at $5.63, but market analysts see a return potential of 57% on average and a high of 95% in 12 months. The $882.1 million natural gas-weighted producer is growth-oriented and operates in the world-class Montney play.

In the first nine months of 2022, cash provided by operations soared 247% to $254.8 million versus the same period in 2021. Crew's revenue and net income climbed 101% and 25% year over year to $461.6 million and $192.9 million, respectively.

According to management, the vast high-quality strategic resource in northeast British Columbia offers value-creating strategies for shareholders. The recently unveiled Four-Year Plan, in particular, should double Crew's production by over 60,000 barrels of oil equivalent per day (boe/d) between 2023 and 2026.

Financial

The **Bank of Montreal** (TSX:BMO), TSX's dividend pioneer, is a no-brainer buy. This $86.6 billion Canadian bank expects to complete the acquisition of Bank of the West in the United States very soon. Its President and CEO, Darryl White, can't say whether it will happen in the first fiscal quarter or first calendar quarter of 2023.

Expect BMO to have a bigger footprint across the border, including the affluent California market. Once the deal closes, it will have $92 billion in additional assets, $76 billion in deposits, and $59 billion in loans. At $122.66 per share, the Big Bank stock pays an attractive 4.66% dividend.

Industrial

Cargojet (TSX:CJT), Canada's largest air cargo carrier, rose to prominence during the pandemic and will likely outperform in 2023 like it did in 2020. Market analysts are incredibly bullish and forecast the current share price of $116.40 to rise to $198.40 (+70%) in one year.

Despite the impact of inflation on consumer demand, the $2 billion company reported revenue growth of 30% in Q3 2022 versus Q3 2021. Management expects Cargojet to have greater endurance, given its focus on long-term commercial interests.

Strong rebound

With less aggressive rate hikes and a plateau in inflation, a strong TSX rebound by the second half of 2023 is possible. Crew Energy, BMO, and Cargojet should also be on your buy lists as early as now.

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2. TSX:CJT (Cargojet Inc.)
3. TSX:CR (Crew Energy)

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