Don’t Wait for a Market Bottom: These 2 TSX Stocks Are on Sale!

Description

It’s finally TFSA (Tax-Free Savings Account) top-up time. Investors can make a $6,500 contribution this year — a $500 increase from last year. Indeed, many may be skewing towards risk-free assets like Guaranteed Investment Certificates and bonds this time of year. The first trading day of the day saw markets end in the red, marking a continuation of the pain experienced in the back half of 2022. So much for the Santa Claus Rally!

As markets continue to sag, inching closer toward these bear market lows, investors should be ready to continue taking advantage of market weakness. In this piece, we’ll check out three TSX stocks that are on sale today. Though they could remain discounted for most of the year, I’d argue that now is a great time to be a buyer, provided you’re willing to continue riding out the hailstorm in the equity markets.

Without further ado, consider shares of **Canadian Natural Resources** (TSX:CNQ) and **Bank of Nova Scotia** (TSX:BNS).

Canadian Natural Resources

2022 was a fantastic year for the Canadian energy giant, which surged more than 30% in a year the S&P 500 sunk around 20%. Indeed, the broader energy sector has been a bright light of resilience, as almost everything else sunk lower. Even if a 2023 recession curbs energy demand, I still think CNQ stock is a worthy addition to any portfolio, especially those lacking in energy exposure.

Indeed, fossil fuels aren’t a “sexy” investment. That said, exposure to such a top-tier energy producer can really help take one’s diversification to the next level. On the first trading day of the year, CNQ stock took a 5.2% hit to the chin. Indeed, the energy patch seems poised to surrender a chunk of the gains from last year.

I think the selloff is nothing more than a buying opportunity. At the end of the day, the energy patch is still rich with value. And free cash flows may not stagger as quickly, given oil's continued resilience.The stock trades at 6.95 times trailing price to earnings and is now down more than 18% from itsrecent peak.

With a dividend yield that's nearing 5% again, I view CNQ stock as a prime candidate to consider with your next TFSA purchase.

Bank of Nova Scotia

Bank of Nova Scotia has been a relative laggard in the Big Six of late. At writing, the name is flirting with 52-week lows that may be surpassed, as recession fears continue to mount. Bank of Nova Scotia's Latin American exposure has been doing it no favours amid the bearish flop in markets.

Now down more than 30%, BNS stock stands out as one of the more compelling bargains in the Canadian financial scene. Yes, the international tilt is perceived as a bad thing ahead of a global economic downturn. However, such exposure, I believe, will just lead to a more pronounced recovery down the road. At this juncture, it seems like BNS's riskier international segment is already priced in, making the stock a terrific buy for new TFSA investors who seek to improve upon their portfolio's geographic diversification.

On the domestic side, Bank of Nova Scotia also faces pressure, as the Canadian housing market begins to feel the weight of higher interest rates. Indeed, BNS faces headwinds from all sides. The bank has made it through some terrible times in the past, though. As such, investors with a long-term horizon shouldn't overlook the 30% drop in the name. Amid the plunge, the dividend yield has also swelled to an attractive 6.3%.

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