2 TSX Stocks Poised to Have a Big 2023

Description

2023 is a mixed bag of expectations for the TSX. Hedge funds cast a bear spell on 2022 by selling off their tech stocks. The rising interest rate and inflation raised fears of recession. But 2022 had a silver lining in the form of energy stocks, and TSX (8.18%) fared better than S&P 500 Index (-19.7%).

A big 2023 awaits the stock market

2023 brings a lot of hopes and aspirations of a rebound in growth stocks and a fear of a recession stretching the market's bear stint. I learned from the stock market to invest in expected and unexpected stocks. Many expect of a recession in 2023 as interest rates stay above 4% and inflation above 5%. Who will benefit from high inflation and interest rates?

Investing in the unexpected stock

My first stock pick for 2023 is sub-prime lender **goeasy** (TSX:GSY). The current market is conducive for small loan companies. They give short-term higher interest rate loans to lower-risk people facing a cash crunch due to inflation.

goeasy saw a 47% year-over-year growth in loan origination in the third quarter. That was the time when inflation peaked, and the Bank of Canada accelerated rate hikes by as much as one basis point. Since September, interest rate hikes slowed and inflation eased slightly. goeasy stock jumped as much as 50% and 25% in small TSX recoveries.

goeasy is a contrarian stock that has a long-term upside. As traditional banks tighten lending, sub-prime lenders are seeing a surge in loan origination from low-risk customers. The biggest risk for the lender is an increase in delinquency, but it has ample liquidity to provide for losses.

The stock is currently skewed toward its 52-week low. Now is an opportunity to lock in a double-digit growth on even the slightest recovery. A pause or a slowdown in interest rate hikes could bode well for goeasy stock. It is a stock to buy and hold in your Tax-Free Savings Account (TFSA).

Investing in the expected stock

After taking a contrarian approach, it is time to take an alternative approach and safeguard your portfolio from the expected recession. Time and again, gold has proven to be a hedge when the economy takes to the downside.

One of the largest gold miners, **Barrick Gold** (TSX:ABX) stock is a good way to profit from gold price momentum and earn dividends. The gold stock has surged 40% since November 2022, hinting at the investors' anxiety about the expected recession. If the recession prolongs, Barrick Gold's stock price could rally longer.

Even in the short-lived pandemic crisis, Barrick Gold stock moved in the opposite direction, jumping more than 70% in four months. A prolonged recession could bring more upside. Barrick Gold stock gives you an annual dividend yield of 2.12% in a normal scenario. But when gold price increases, it earns higher cash flow. It distributes this to shareholders through a special performance dividend of up to $0.15 per share when net cash crosses the $1 billion mark. But invest only a small portion of your portfolio in Barrick Gold stock, as gold tends to underperform in a growing economy.

The point is…

When you diversify your TFSA portfolio, you spread your money across stocks that react differently to news. Only then can your portfolio outperform even in a weak economy. 2023 is uncertain. If the bear market continues, you can invest small amounts every month in fundamentally strong stocks to reduce your overall cost per share and enhance your upside. Now is the season to buy the dip.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ABX (Barrick Mining)
2. TSX:GSY (goeasy Ltd.)

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. pujatayal

Category

1. Dividend Stocks
2. Investing

Date
2025/09/26
Date Created
2023/01/06
Author
pujatayal