



3 Top TSX Stocks to Buy in January 2023

Description

The stock market is dynamic. A particular environment is conducive for one business but disruptive for other. A good habit is to buy top stocks of the month, as it increases your chances of buying a stock with a probability of higher returns. Some stocks repeat in the monthly top picks, because they are evergreen.

The state of the stock market in January 2023

January brought some respite and uncertainty. The U.S. inflation eased to 6.5% in December 2022, bringing some respite to the economy stretched by Fed's hawkish interest rate hikes. Moreover, Fed policymakers [hinted](#) that the ease in inflation might slow interest rate hikes to 25 basis points but won't stop it, creating uncertainty. Interest rates are affecting the business environment, forcing capital-intensive companies to lower their 2023 guidance.

Top TSX stocks for January 2023

You can make the most of the market uncertainty by buying stocks that would surge in a slowing economy and the ones that would jump in an economic recovery.

Barrick Gold

In the world of fiat currency, [gold](#) is still a safe-haven asset that retains its value. The upcycle of the gold price has shortened over time, but it is still an asset class to hold in your portfolio to hedge against economic crisis.

The World Bank reduced its forecast for U.S. gross domestic product (GDP) growth in 2023 to 0.5%, marking the weakest performance since the 1970 recession. Many experts compared 2022-23 with the 1970s recession caused by rising oil prices and interest rate hikes. That time, gold prices jumped more than 800% over several years, as inflation reduced the value of money. A slightly similar effect could

be visible in 2023, as investors bearish on the U.S. dollar switch to gold.

Barrick Gold ([TSX:ABX](#)) allows stock market investors to get exposure to gold prices through its stock. In 2022, it introduced a \$0.15 performance dividend if the company's net cash crosses \$1 billion, which depends on the gold price.

Barrick Gold's stock price surged 75% during the pandemic crisis and then returned to its average trading price of \$20-\$25. It again surged 30% in early 2022 when the Russia-Ukraine war broke out. It has begun another rally rising 25% since November 2022, as companies started reducing their 2023 guidance.

Barrick Gold is a stock to buy for the short term and sell when the economic scenario shows signs of improvement. Now is a good time to buy the stock, but don't invest more than 5% of your portfolio in it.

I expect the stock to rise 27% from \$26 to \$33, which could be your first exit point. You can continue holding the stock if the recession is deep and set a higher target to book profit.

CT REIT

Rising interest rates made loans expensive, and inflation reduced the purchasing power of consumers, which negatively affected property prices. All [real estate investment trusts \(REITs\)](#) reported a loss from the reduced fair market value of their properties, which increased their distribution payout ratios. Amid fears of distribution cuts, **CT REIT** ([TSX:CRT.UN](#)) is a better option in REITs, as its key customer is parent company **Canadian Tire**. Canadian Tire has leased out 99.2% of CT REIT's properties and accounts for 91.5% of the REIT's annual rent.

With the occupancy rate secured, CT REIT is unlikely to cut distributions unless Canadian Tire decides to downsize. The REIT's stock price has recovered from the October 2022 dip but is still trading 8-10% below its peak. You can buy the stock at its current price of \$16.4 and lock in a yield of 5.29%.

BlackBerry stock

BlackBerry ([TSX:BB](#)) stock halved last year, as the automotive market took a hit from supply chain issues. Moreover, its cybersecurity business saw falling revenue. But the company has been actively securing design wins from automakers. It means significant revenue is in the pipeline once the automotive industry revives. The company is unaffected by interest rates, as it has sufficient cash reserves (\$505 million) to fund its losses and withstand a recession. The stock can jump 60-70% in an economic recovery.

Bottom line

The above three stocks could mitigate the downside and accelerate the upside in your portfolio.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:ABX (Barrick Mining)
2. TSX:BB (BlackBerry)
3. TSX:CRT.UN (CT Real Estate Investment Trust)

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