



2 Canadian Stocks That Could Soar After a Recession

Description

Though we may have entered a recession year, year-to-date gains suggest the bull may be back in the driver's seat. Undoubtedly, many of us have forgotten what a bull market feels like. Buying the dip used to be a go-to strategy, rather than a trap that accompanies quick losses. Though it's impossible to tell if the stock market has bottomed out until after the fact, investors should [stay the course](#), rather than doing anything drastic like profit-taking or "chasing" the market momentum.

As an investor, you've got to be comfortable with the ups and downs. Though it's nice to start the year on a strong note, standing by value name instead of trying to catch a bounce in last year's falling knives may be a better move if you're rattled by the off-the-charts volatility (in both directions) that's likely to continue from here.

In this piece, we'll consider **Magna International** ([TSX:MG](#)) and **TFI International** ([TSX:TFII](#)): two intriguing value stocks that could build on the gains posted in January.

Magna International

Magna is an auto-parts maker that peaked back in the summer of 2021. Undoubtedly, discretionary firms like Magna tend to feel the cold winds of approaching recessions first. The stock lost around 48% of its value from peak to trough. Fading demand expectations, supply woes, and other likely temporary issues have weighed on investor sentiment.

Since bouncing off October 2022 lows, MG stock has rallied 31% in a rather choppy fashion. With a lower bar ahead of earnings, I think there's a good chance that "super-discretionary" firms like Magna can come out well ahead of the estimates.

Yes, it's difficult to enter such a stock with a recession ahead. However, longer-term thinkers willing to average down shouldn't make too much of the timing. At the end of the day, it's the secular tailwinds that can help Magna stock power higher. A mild recession won't last forever. Eventually, the same tailwinds (think the rise of electric vehicles) that propelled Magna stock past \$125 per share will be back in play.

For now, Magna's doing a decent job of managing through a downturn. Whether or not the bottom is in, I like the risk/reward scenario while shares go for 20.85 times trailing price to earnings.

TFI International

TFI International has been extraordinarily hot of late, surging more than 16% year to date. The stock plunged 35% from peak to trough before kicking off a powerful rally that brought the name to new highs. Today, shares are flirting with \$160 per share, thanks in part to a handful of analyst upgrades.

The trucking firm is reported to reveal its fourth-quarter results on Monday, with the consensus calling for \$1.77 per share. For a firm with eight consecutive earnings beats (some of them are quite sizeable), I view TFI as a winner that'll keep on trucking higher. At 1.1 times price to sales and 12.5 times trailing price to earnings, TFI looks like a perfect mix of momentum and value. I'd not bet against the firm, as it continues to defy market-wide [bearish](#) conditions.

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