



Fairfax Stock: How High Could it Go in 2023?

Description

Fairfax Holdings ([TSX:FFH](#)) had a great 2022. And it doesn't seem like that great run is coming to an end any time soon. In 2023, Fairfax stock has soared even higher, up 10% so far this year. So how high could the stock continue to climb?

Why the climb?

Another fourth-quarter report is coming, and Fairfax stock looks favourable ahead of it. Property and casualty insurance continues to offer near-term rewards for investors, with higher interest rates and the difficult market feeding its growth.

Despite already performing so well in 2022, analysts peg Fairfax stock as continuing to climb in 2023. That's because it continues to offer value, as well as top-line growth that should help during this high interest rate environment.

In fact, analysts believe Fairfax stock will continue to outperform, and could reach as high as \$1,053 on average. That's a potential upside of 21% as of writing!

What's fuelling the growth?

It comes down to a mixture of [value](#) and industry for Fairfax stock. While there are plenty of property and casualty insurance companies out there, Fairfax stock still provides the most value as of writing. Analysts expect even more strong earnings coming into the fourth quarter, after several solid quarters behind it.

That is, except for the *last* quarter. And it's that quarter that's providing investors with a deal and extra growth so far. During that time, Fairfax stock missed analyst estimates and announced a net loss of \$75.1 million, that's compared to earnings of \$462.4 million the year before.

Despite this, the company saw record operating income for the first nine months at \$1.6 billion. The

losses mainly came from investments with market losses and rising interest rates. Yet, with its short 1.6-year fixed [income portfolio](#) of \$37 billion, that fund only dropped slightly with the company expecting a run rate of \$1.2 billion annually.

Finally, the insurer also brought in extra proceeds from the sale of a pet insurance business, putting it in a sound future position.

What's ahead for 2023?

With cash coming in from the sale, and a rebound in the stock price, analysts are right to predict a strong fourth quarter for Fairfax stock. Yet, its strong value proposition remains given its future potential share price, as well as its historical growth.

Fairfax stock has grown 1,272% in the last two decades. This represents a compound annual growth rate (CAGR) of about 14%! Meanwhile, the company offers a dividend yield at 1.55%, which comes to \$13.38 per share. And that alone would be a great deal for investors to lock up now. Let's look at what a \$10,000 investment could get you now, compared to its potential upside.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY	TOTAL INVESTMENT
FFH – now	\$871	11	\$13.38	\$147.18	annually	\$10,000
FFH – upside	\$1,053	9	\$13.38	\$120.42	annually	\$10,000

So, you could be in for more returns, more passive income, and decades of growth. All while locking in value in Fairfax stock at these rates today.

CATEGORY

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