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10 STOCKS TO TARGET IN '22

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MARKET VOLATILITY BRINGS OPPORTUNITY FOR SHARP INVESTORS

ANTHONY KEANE

AUSTRALIA'S stockmarket scare last month was the first of several bouts of weakness this year that will bring fresh opportunities to buy a bargain, specialists say.

The rollercoaster start to 2022 sent Aussie shares falling 10.4 per cent between January 4 and January 27, before recovering about one-third of their losses since then.

Share analysts and advisers expect the volatility to continue, especially when US interest rates rise and when Australian companies "come clean" in coming weeks about Omicron's hit on their profits.

Stocks that are potential bargain buys when the market heads south include BHP, Westpac, CSL, Life360 and Sonic Healthcare, they say.

Saxo Capital Markets Australian market strategist Jessica Amir said interest rates, inflation, energy market issues and geopolitical worries were fuelling volatility.

"There's so much uncertainty in markets at the moment," she said. "However, there are opportunities."

These included the mining

and energy sector, cybersecurity and logistics, she said.

Shaw and Partners senior investment adviser Jed Richards said "it's all about rising interest rates", which made shares less attractive, and an expected US rate rise in March would stir up financial markets again.

"I think we will continue to get a lot of volatility," he said.

HERE'S WHERE THE EXPERTS SEE GOOD OPPORTUNITIES WHEN MARKETS TUMBLE AGAIN.

BHP: Shares in the world's biggest miner are the most popular pick among analysts and should benefit from the company recently scrapping its London dual-listing.

"Iron ore didn't crash like people thought, and we are still getting \$140 a tonne, which is a very good price for BHP," Mr Richards said.

Rising interest rates in the US would lift BHP's and other Australian companies' profits by lowering the value of the dollar, he said, recommending buying BHP under \$46.

CSL: This biotechnology giant was "one of Australia's

greatest growth stories", Mr Richards said.

Its share price has dropped recently as it raises huge sums from investors to help fund its \$16bn-plus acquisition of Switzerland's Vifor Pharma.

"The share price is weak at the moment at \$256, and anything below \$260 I think is a good buying price," Mr Richards said.

"I think we will see \$340 on CSL shares within a year or two – it's a great opportunity."

WESTPAC: "Banks make more money when interest rates rise, and I prefer Westpac because of their high exposure to the Australian residential mortgage market," Mr Richards said.

Westpac was also getting out of non-traditional assets such as insurance and wealth management, he said.

"It's a much simpler structure of mortgages, personal banking and business banking. Anything under \$20 would be a buying opportunity."

SONIC HEALTHCARE: Catapult Wealth portfolio manager Timothy Haselum said

Sonic's business focused on bulk-billed testing activity and was more resilient than elective surgeries.

"It has been helped by the Covid testing, and with Covid lingering longer than expected it could be good for Sonic," he said. "Buy at \$38."

AUSTRALIAN TECH ETF: Its full name is the BetasShares S&P/ASX Australian Technology ETF and it spreads money across tech stocks including Block, formerly Afterpay.

Mr Haselum said tech stocks had been hit hard lately and he was happy to buy this ETF below \$18.55.

"It provides exposure away from the ASX's heavy banks and resources focus, is mostly IT and communications services, and a mix of large and small cap stocks," he said.

WHITEHAVEN COAL: Ms Amir said the company's share price had dropped but its profits were expected to more than double in the year ahead.

"Regardless of what's going on in





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markets, people still need heating and cooling,” she said. “China, India and Russia make up 50 per cent of global electricity consumption and most of that comes from burning coal.”

WISETECH GLOBAL: “This is a tech company that powers the logistics industry and works with global brands, like DHL and FedEx,” Ms Amir said.

“Its shares look like they have been oversold at these levels and it could be a good opportunity to buy in.”

LIFE360: Bell Direct head of distribution Tim Sparks said this tech company had delivered a mobile app for families for location sharing and

driving safety, and while not profitable, it was well placed to disrupt the safety and security market.

“Our analysts believe there is upside potential with a \$16.25 price target – Life360 last traded at about \$8.50,” he said.

RPMGLOBAL: Forager Funds Management senior analyst Alex Shevelev said the mining software provider had great momentum, with its clients benefiting from high commodity prices. “With a major competitor sold for a very attractive price in December, RPM may find itself a target of well-funded acquirers,” he said.

LITHIUM MINERS: Ms Amir said the lithium price was expected to rise 80 per cent this year, good news for Australia’s second-biggest lithium stock Allkem, which fell more than 20 per cent in January.

Mr Sparks likes Lake Resources, which is developing a lithium project in Argentina.





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