

## 3 Stocks That Could Benefit From Canada's Population Boom

### Description

Canada has an estimated population of 37.1 million as of July 1, 2018. This update was based on current immigration flows and the 2016 census. The growth in population also represents an increase of 520,000 year over year. This represents the largest population growth over a two-year span in Canada's history.

By 2040, Canada's population is projected to balloon to 50 million. This trajectory combined with an aging population will result in a social and economic transformation that could result in huge changes. Investors should be prepared to respond to and take advantage of these changes going forward. Today, we are going to look at three stocks that could benefit from Canada's population explosion in the coming years and decades.

#### **Aurinia Pharmaceuticals** (TSX:AUP)([NASDAQ:AUPH](#))

Aurinia Pharmaceuticals is a Victoria-based biopharmaceutical company. Back in June, I'd discussed why the biotech sector should be a [top target](#) for long-term investors seeking growth. Aurinia provides products for develops products for patients with debilitating diseases. It should be a top target as Canada faces down an aging population.

Shares of Aurinia have climbed 44% in 2018 as of mid-afternoon trading on October 4. In the second quarter, the company reported a net loss of \$15.7 million or \$0.19 per share. Aurinia added that this was largely due to a non-cash change in the estimated fair value of derivative warrant liabilities of \$9.4 million. Research and development expenses also climbed to \$10.5 million over \$7.1 million in the prior year.

#### **Equitable Group** ([TSX:EQB](#))

Equitable Group is a Toronto-based alternative lender. Shares had climbed 12% over the past three months as of early afternoon trading on October 4, but the stock was still down 5% for the year. Lenders and other housing stocks have suffered from a bout of volatility as uncertainty has rattled the Canadian housing market. However, a growing population coupled with inadequate supply in major metropolitan areas should maintain steady activity and boost prices.

Equitable Group is expected to release its third-quarter results in December. In the second quarter, the company saw adjusted diluted earnings per share rise 8% year over year to \$2.45 while its Single Family and Commercial Lending principal both rose 15% from Q2 2017. Deposits increased 24% to \$12.4 billion. Higher rates and new mortgage rules have slowed loan volume growth but has also improved renewal and retention rates at alternative lenders. Equitable Group remains a solid target even in the current housing climate.

#### **Hydro One** ([TSX:H](#))

Hydro One is a utility that services the province of Ontario and will branch out to U.S. consumers pending final regulatory approval of its **Avista** acquisition. [Shares were down](#) 12% in 2018 as of mid-afternoon trading on October 4.

The new Ontario government was elected on the back of promises to lower hydro rates, but long-term trends will be difficult to circumvent. Hydro rates will rise in the coming years and the consumer base at Hydro One is also destined to grow in the most populous Canadian province. The new PC government triggered a dramatic leadership shuffle at Hydro One, but this should not trouble investors too much going forward. Hydro One boasts a wide economic moat and offers a quarterly dividend of \$0.23 per share, representing a 4.5% dividend yield.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NASDAQ:AUPH (Aurinia Pharmaceuticals Inc.)
2. TSX:EQB (EQB)
3. TSX:H (Hydro One Limited)

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## Date

2025/09/29

## Date Created

2018/10/06

## Author

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