TFSA Investors: 4 Stocks That Will Rise Due to Canada's "Human Stimulus"

Description

Back in the spring of this year, **Royal Bank** CEO Dave McKay warned that Canada was suffering from significant investment outflows in the aftermath of U.S. tax reform. The U.S. Tax Cuts and Jobs Act, which was enacted in December 2017, slashed the corporate tax rate from 35% to 21%, while also reducing or eliminating business deductions and credits. The Act was praised by many business leaders in the U.S. and has fueled record profits in 2018, although stock gains were largely priced in at the end of 2017.

Canadian businesses have not been able to draw on a gigantic fiscal boost, but its economy has benefited from another factor: population growth. In its October 24th report following a rate hike, the Bank of Canada praised the impact of "human stimulus" on the economy. "Labour income is being boosted by the larger population," the central bank said in its report.

Current projections have Canada's population growing to between 40.1 and 47.7 million people by 2036 and between 43 and 63.8 million people by 2061. Compare this to the 33.7 million people recorded in 2009.

This population boom will fuel growth for consumer and services-focused industries for decades to come. Today, we are going to take a snapshot of four stocks that have a bright future considering Canada's continued "human stimulus."

Toronto-Dominion Bank (TSX:TD)(NYSE:TD)

TD Bank has dropped 4.8% month over month as of close on November 6. Many of the top Canadian banks are trading at a discount after the global stock market sell-off last month. Banks will be some of the biggest beneficiaries of the population boom and will see an increase in deposit volumes and loan growth with demand for financial services especially high in major metropolitan areas.

Canada Goose (TSX:GOOS)(NYSE:GOOS)

Canada Goose stock has climbed 5.6% over the past month, which is impressive after the October bloodbath shredded most equities on the TSX. The Canada Goose brand has quickly become a household name and will get a boost from higher customer traffic volumes. Canada Goose stores have been a massive hit, while its e-commerce business has reported impressive growth. Direct-to-consumer revenue increased to $23.2 million in the first quarter of fiscal 2019 compared to $8.3 million in the prior year.

Great Canadian Gaming (TSX:GC)

Casinos have always benefited from more foot traffic, and Great Canadian Gaming is an exciting target, especially after it won the GTA Bundle last summer. Shares are up 47% in 2018 so far. In the third quarter, the inclusion of the GTA Bundle propelled revenues to rise 115% year over year to $343.2 million, while adjusted EBITDA surged 124% to $140.6 million. Net earnings soared 96% to $52.6 million or $0.86 per share.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

CIBC stock has dropped 4.7% month over month. Shares are down 6.3% in 2018. For the first time in years, CIBC fell behind its peers when it came to mortgage book growth in the third quarter of 2018. However, analysts have forecast that population growth will prop up the Canadian housing sector for years to come. Supply remains low, while record inflows to metropolitan centres is keeping demand sky high. A robust housing market propped up by a growing populace is good news for CIBC and other banks in the long term.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:GOOS (Canada Goose)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:GOOS (Canada Goose)
6. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date
2025/09/12
Date Created
2018/11/07
Author
aocallaghan