1 Top Auto Stock for Canadians to Buy Instead of Tesla (NASDAQ:TSLA) Stock

Description

A strong buy for any electric vehicle industry investor today is **Magna International** (TSX:MG)(NYSE:MGA). With a broad range of attractive fundamentals as well as other positive financial data, this auto stock is looking increasingly impressive in comparison with one very high-profile American competitor.

For investors who like to see a strong track record, Magna International's one-year past earnings growth of 13.9% beats the North American auto components industry average of 4.8% as well as its in-house five-year average of 7.6%. To round that data out into a quick snapshot of health: a PEG of 2.4 shows that valuation could be better in that regard, while an acceptable debt level of 40.3% of net worth makes this a stock suitable for a low-risk portfolio.

Back to value, and we have a TSX index-beating P/E of 7.5, matched with a pretty good P/B of 1.6. A dividend yield of 2.59%, past year ROE of 21%, and healthy last-quarter EPS of $6.84 combine nicely with a 3.2% expected annual growth in earnings. However, given its position in the electric vehicles market, Magna International is likely to exceed this modest expectation over the coming years.

How about that other electric vehicle stock?

Compare the above data with the stats on display for troubled **Tesla** (NASDAQ:TSLA). Even down by 12.96% in the last five days, the perpetually beleaguered stock is still not a good value investment, with a bloated P/B of 11.5.

Investors wanting to hang in there for the upside may have to weigh a high comparative debt level of 231.7% of net worth against a 53.7% expected annual growth in earnings. All things considered, Tesla is still a bit of a gamble as a stock, so domestic investors may feel safer stacking shares in Magna International.

If you want to invest in electric vehicles, or indeed in a foreign market via a Canadian stock, you may want to counter-invest in something good and defensive. This could be anything from oil to miners or railways to bankers. But one of the most obvious choices for a stabilizing investment might be utilities.

Consider stacking **Enbridge** (TSX:ENB)(NYSE:ENB). A king among energy stocks on the TSX index, if you haven't thought of holding shares in Enbridge and you're in the market for defensive assets, then this is the one to stack. A perfect fit for your TFSA or RRSP, Enbridge stock offers investors a bit of passive income and some portfolio backbone — just what the financial manager ordered for an uncertain 2019.

The bottom line

Though a negative one-year past earnings growth to the tune of -39.2% failed to match the oil and gas industry average of 15.6% and also underperformed its own five-year average growth of 31.2%, a 22.5% expected annual growth in earnings is on the way for Enbridge. Combine this outlook with an acceptable P/B of 1.6 and sizable dividend yield of 6.16%, and you have a sturdy counterweight to an auto stock investment.

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