



3 Canadian Industries, 1 Reigning Growth Stock: Which Is it?

Description

Mining, agri materials, and tech: which of these three Canadian industries can offer investors the greatest knock-on upside potential through high growth in earnings? Let's take a look at one key TSX-listed stock from each of these three high-performing domestic industries and see which buoyant ticker is most likely to reward the gutsy investor with capital gains further down the road.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#))

Up 4.95% in the last five days, that tech stock lover's favourite Shopify is a rare gem. It's a high-powered TSX index stock that can boast a clean balance sheet and display good health in a largely overvalued sector. However, carrying no debt doesn't necessarily carry the game, since negative one-year and five-year average past earnings growth rates remain as red flags for any sharp-eyed investors looking to hold a high-quality stock for any extended period of time.

A fair amount of inside selling shows that confidence in Shopify is perhaps somewhat low of late among those in the know, and since it also happens to be overvalued by more than three times its projected cash flow value (and trading with a P/B ratio of 9.4 times book while we're at it), it's out of limits to even casual value investors. That said, with a moderate 24.3% annual growth in earnings expected, growth investors may still have something to work with here.

Nutrien ([TSX:NTR](#))([NYSE:NTR](#))

It's nice to see that key agri materials producer [Nutrien](#) is still a hit with TSX index traders, with the big potash miner up 2.28% in the last five days at the time of writing. It's a good all-rounder in terms of stats, with a good balance sheet indicated by below-threshold debt, a market-beating P/B ratio of 1.4 times book signifying decent valuation, and even a dividend yield of 3.17% on offer. The main draw for growth investors, though, would be a significant expected annual growth in earnings of 39.4%.

Wesdome Gold Mines ([TSX:WDO](#))

Another [high-growth mining stock](#), though of a very different stripe, Wesdome Gold Mines is a frontrunner of the TSX index gold stocks and a solid buy for anyone looking to add some of the defensive yellow stuff to their portfolio. Up 2.18% in the last five days at the time of writing, Wesdome Gold Mines saw a significant one-year past earnings growth of 237.2%, which trounced its own five-year average earnings growth rate of 47.3%.

A stock that can boast a clean balance sheet, this gold miner carries low debt at 5.5% of net worth and is valued almost evenly with its future share price value (though value investors may want to weigh up Wesdome Gold Mines's P/E of 60.9 times earnings and P/B of 4.6 times book). The main draw here is a high 61.3% expected annual growth in earnings, however.

The bottom line

Shopify is a moderate to strong capital-gains play that has climbed since mid-2016 (albeit with some pretty distinct peaks and troughs along the way), bringing with it the continued potential to reward traders with upside. The gold miner wins the high-growth contest out of this trio of stocks, however, with Nutrien coming in second.

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1. NYSE:NTR (Nutrien)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:NTR (Nutrien)
4. TSX:SHOP (Shopify Inc.)
5. TSX:WDO (Wesdome Gold Mines Ltd.)

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Date

2025/09/12

Date Created

2019/02/27

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