



2 Top Growth Stocks to Buy in April

Description

Last spring, I'd discussed [increased defence spending](#) for the United States and Canada. At the time, the enormous \$716 billion defence budget passed by the U.S. Congress for 2019 surprised political analysts. Canada pledged to grow its defence budget from \$18.9 billion in 2017 to \$32.7 billion by 2026-27. In the article, I'd mentioned the rise of "great power competition" in the geopolitical sphere and predicted continued hikes in spending for both countries going forward.

The 2020 budget put forward by the Trump administration will see military spending increase to a stunning \$750 billion for the fiscal year 2020, assuming it passes without dramatic tweaks due to the Democrat-controlled House. There is bound to be some pushback on the administration's request for border wall funds, but investors should not expect a large mark down. A commitment to increased defence spending has become largely bipartisan.

Canada's defence spending is poised to fall below the 2% NATO target. The Trump administration had worked hard to pressure Canada and its European allies to meet the target, but so far this campaign has not yielded much success. Still, the pressure will be on for Canada to pump this number up in the next decade.

Investors should be eager to make this hike in spending work for them. Below are two stocks to scoop up for the long haul.

CAE ([TSX:CAE](#))([NYSE:CAE](#))

CAE is a Quebec-based company that provides training for civil aviation, defence, security, and healthcare markets. Shares have climbed 17.5% in 2019 as of close on March 20. The stock is up 23.9% year over year. In late December, I'd [recommended investors pick up CAE](#) on the dip and hold on tight.

CAE is well positioned to benefit from increased defence spending from both countries. Many European allies, where CAE draws contracts, have also committed to higher defence spending. In the third quarter of fiscal 2019, CAE reported that revenue in its Defence and Security segment rose 27%

year over year to \$330.2 million. The defence backlog at the end of Q3 hit a record \$4.4 billion.

CAE stock is pricey as of this writing with an RSI of 70, which indicates it is overbought. Investors should seek entry points ahead of its upcoming fourth-quarter and full-year earnings report.

BlackBerry ([TSX:BB](#))([NYSE:BB](#))

BlackBerry stock had climbed 28.2% in 2019 as of close on March 20. Shares were still down 27% year over year. BlackBerry's foray into software has enabled it to establish a strong footprint in the cybersecurity sector. This is a huge focus area for militaries as well as public and private entities across the developed world. A report by Global Market Insights projects that the global cybersecurity market will exceed \$300 billion by 2024.

In late 2018, BlackBerry purchased the AI-based cybersecurity company Cylance for \$1.4 billion. Cylance uses artificial intelligence, machine learning, and more to analyze and detect threats for its customer base. The proposed \$22 billion budget submitted by the Canadian Liberal government includes broad funding for cybersecurity initiatives.

BlackBerry is set to release its next batch of results on March 29. This stock is also pricey after a fantastic start to 2019, but BlackBerry is still an attractive target for those with a long investment horizon.

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