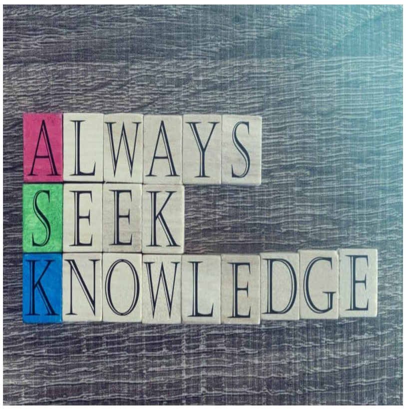

Which Consumer Durables Are Hot Right Now?

Description

That sweet spot where apparel flips over into consumer durables is an interesting place for long-term investors looking to buy into a big brand name. Below you will find two such stocks that trade on the TSX index, along with two classic consumer durable options for long-term investors still bullish on retail.

Gildan Activewear (TSX:GIL)(NYSE:GIL)

Five-year returns of 79.8% outperform the Canadian luxury industry for the same period, as well as the TSX index itself, make Gildan Activewear one of the top stocks in this space for the long-term portfolio owner. It comes with built-in geographical diversification as well, with a base of operations extending beyond the Americas to Europe and the Asia-Pacific region.

A good enough balance sheet is on display, though its debt level has crept up over the last five years. Perhaps more seriously than this, Gildan Activewear insiders have only gotten rid of shares over the last three months, and in fairly significant volumes. Additionally, overvaluation is signified by a P/B of 3.9 times book.

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

Canada Goose Holdings' one-year returns of 48.5% beat the Canadian luxury average of 34.3% for the same period, while a one-year past earnings growth of 120.9% show a potentially gravity-defying ticker. Its five-year average past earnings growth of 55.1% further indicate that this stock could be good for the long-term.

It's always fun to check in on Canada Goose Holdings' market fundamentals, and they're far from a disappointment today, with a P/E of 49.5 times earnings and P/B of 18.3 times book putting this stock on the wish list. Anyone still invested should be deciding at this point whether to cash in or hold out for a 29.4% expected annual growth in earnings to keep layering on the upside.

Spin Master (TSX:TOY)

Negative one-year earnings are saved by Spin Master's five-year average past earnings growth of 35%, while a 23% past-year return on equity at least shows that the company knows how to make good use of shareholder inputs. However, this could one to sit on for now, since its falling share price and 0.75 beta count Spin Master out for momentum investors, while past-year returns underperformed the industry and the market.

BRP (TSX:DOO)(NASDAQ:DOOO)

Similarly to Spin Master, BRP's negative past-year earnings rate is rescued by five-year average earnings of 34.7%. While a future three-year ROE of 227.6% gives would-be investors something to look into, negative shareholder equity adds up to a balance sheet that leaves something to be desired.

BRP isn't bad value, though, with a P/E of 14.2 and a 34% discount off the future cash flow value, while its dividend yield of 1.01% and 26.4% expected annual growth in earnings offers a little something for a mid- to long-term passive income investor looking for a potential luxury stock that could outpace a recession.

The bottom line

Canada Goose Holdings' beta of 2.95 suggests that while this stock may be suitable for momentum traders, it may be too volatile for the casual long-range capital gains investor. Gildan Activewear bulls may want to focus on its adequate P/E of 22 times earnings, dividend yield of 1.47%, 10.5% expected annual growth in earnings, and projected ROE of 27.9%. Meanwhile, Spin Master's 11.6% expected annual growth in earnings might temp the moderate growth investor.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:DOOO (BRP Inc.)
2. NYSE:GIL (Gildan Activewear Inc.)
3. NYSE:GOOS (Canada Goose)
4. TSX:DOO (BRP Inc.)
5. TSX:GIL (Gildan Activewear Inc.)
6. TSX:GOOS (Canada Goose)
7. TSX:TOY (Spin Master)

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