



3 Canadians Stocks to Buy for 2020

Description

2019 has been a rollercoaster ride of a year, and while there's still a ways to go before we enter a U.S. election year, there are a particular group of stocks whose catalysts won't kick in until next year.

It's these stocks that Canadian investors should think about [nibbling now](#) and incrementally over the coming months as we head into year-end.

Alimentation Couche-Tard

First up, we have one of the hottest stocks over the past year-and-a-half. **Alimentation Couche-Tard** (TSX:ATD.B) stock has soared over 52% from its trough, and despite the recent bout of analyst downgrades over excessive capital appreciation, the stock is ready for another leg up in 2020 and beyond.

We already know that Couche-Tard is a master at driving synergies through accretive acquisitions in the global convenience store space. The company is firing on all cylinders both organically on the comps front and inorganically through M&A activities.

The company aims to double profits in five years, and although many analysts have discounted the ambitious commentary from management at its last conference call, I remain a raging bull on the name.

At 19.2 times trailing earnings, the stock is still cheap given the double-digit EPS growth potential and Couche-Tard's recent foray into the cannabis retail market with its partial stake in **Fire & Flower Holdings**.

Given the capabilities of management and the pot retail partnership in the works, Couche-Tard could be the cannabis retail king that everybody appears to be sleeping on.

In any case, the stock is very likely to continue moving higher on further M&A announcements or news with its venture into the cannabis waters.

CIBC

The four letters that make most investors cringe with disgust: **CIBC** ([TSX:CM](#))([NYSE:CM](#)), the fifth bank of the Big Five that got caught with its pants down during the Financial Crisis.

And with short-sellers crying wolf amid the credit cycle crushing, it appears that CIBC's pants are falling off — once again.

CIBC has a poor track record relative to its bigger brothers in the Big Five. And while it has been known to shoot itself in the foot, I don't think we're in for a repeat of 2007-08.

CIBC isn't the most conservative mortgage lender in the space, and while the bank is heavily exposed to that ugly part of the Canadian housing market, shares appear priced with an expectation that provisions are going to continue to climb with no top in sight.

The valuation reflects a severely damaged business when, in reality, CIBC is just navigating through a big bump in the road without shocks.

The guide for 2019 is bleak, but as we enter 2020, we could see CIBC begin to bounce back as the odds of reporting "better than feared" results, I believe, will increase as the banking scene inches closer toward normalization.

The shorts think that the worst is yet to come, but I'm in the camp that thinks a majority of the damage done to the stock has already been done. Today, the stock is off 20% from the top with a 7.9 forward P/E.

While the cheap stock could certainly get cheaper in 2019, I like the name going into 2020 now that the bar has been set so low such that a simple trot would be enough to get over the significant slump.

NFI Group

Finally, we have the most damaged name on this list. Bus maker **NFI Group** ([TSX:NFI](#)) is currently down over 55% from its all-time high, now sporting a massive 6.4% dividend yield, the close to the highest it's been in recent memory.

The company [warned](#) investors before its second-quarter that deliveries, new orders, and its backlog would fall well short of expectations.

While it seems as though the wheels have fallen off a company that had a good reputation with adequately managing operational risks that come with the production of highly cyclical long-lived assets, I'm in the camp that believes NFI is a bargain with a chance to turn things around in the new year.

NFI hopes for deliveries and orders to bounce back in the latter half of the year, but many analysts think that management is a bit too optimistic and is looking for a recovery early next year.

For now, lock-in the hefty dividend yield and get ready for what could be one of the biggest joy rides of 2020.

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2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:NFI (NFI Group)

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