



3 Top Canadian Stocks to Buy in December

Description

As we head into December, the markets are getting choppy. November was a record-breaking month for global stocks, but on Monday, cracks started to appear. On that day, the **TSX** slid 1.2%, after rising more than 10% in the weeks prior.

It looks like investors are starting to get nervous after the vaccine-inspired buying frenzy. But there are still good stocks to buy. If you're willing to explore overlooked sectors, you can find plenty of stocks that can do well with or without a vaccine. The following are just three of them.

CN Railway

The **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) is a railway company that has performed extremely well in 2020 year to date. Its earnings climbed 31% in the first quarter, while declining in the second quarter. Regardless, the stock soared in the markets.

Although [COVID-19 is hitting CNR's revenue](#), the company is still a bastion of stability in an uncertain economy. Its sales declined, but it didn't have a single *losing* quarter this year. This probably explains why the stock did so well. In uncertain times, many investors want stability, and CNR provides it in spades.

Royal Bank of Canada

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is a stock that can do well with or without a vaccine. Like most banks, its earnings would surge in the event of mass vaccine distribution, because it would be able to lower its PCL. Banks' earnings are reduced by expected loan losses and with a vaccine, businesses will re-open and people will get back to work, reducing default risks. This applies to virtually all North American banks.

But RY has a special advantage: it doesn't *depend* on the vaccine to thrive. Royal Bank is operationally diversified, with huge capital markets and wealth management divisions. Its capital

markets business grew earnings by 50% in the third quarter, negating the COVID-19 losses in its commercial banking business. The end result was diluted EPS down only 1.3% year-over-year—in other words, the company's COVID-19 losses had almost been erased!

Canadian Tire

The **Canadian Tire Corp** ([TSX:CTC.A](#)) would have been an incredible dip buy in March. If you'd bought at its low that month, you'd be up 126% by now. The company got rocked by the pandemic early on, posting massive second quarter losses.

But eventually it experienced a surge in its e-commerce business, which grew by 400%. Thanks to its e-commerce operations, we now know that Canadian Tire can survive even if second wave lockdowns go on longer than expected. And when the vaccine rolls out, the the stock is really going to pop.

Canadian Tire stock has been a retail winner over the long term, rewarding patient investors handsomely. In 2020, the stock looked down for the count. Now it's back on track — a solid Canadian dividend pick at any time—but especially in December 2020.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:CTC.A (Canadian Tire Corporation, Limited)
5. TSX:RY (Royal Bank of Canada)

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