



The 5 Best Canadian Stocks to Buy in 2021

Description

The expected economic expansion in 2021 and recovery in demand following the widespread vaccine distribution is likely to drive corporate earnings and help Canadian companies turn cash flow positive. Also, shares of the few companies that delivered stellar returns in 2020 could continue to trend higher in 2021 on the back of the structural shift in selling models and a consumer shift towards the e-commerce platform.

Keeping these factors in mind, I have selected the five best Canadian stocks that are likely to outperform the benchmark index by a wide margin and deliver strong returns in 2021.

goeasy

The uptrend in the shares of the subprime lender **goeasy** ([TSX:GSY](#)) is likely to sustain in 2021. goeasy is expected to benefit from the recovery in consumer demand and expansion of its loan portfolio.

The uptick in economic activities is likely to boost credit demand and, in turn, goeasy's revenues and profitability. Its large addressable market, channel expansion, and new product launches could continue to drive double-digit growth in its bottom line. Thanks to its high-quality earnings base, goeasy is expected to boost its shareholders' returns through higher dividend payments in 2021.

Shopify

I believe the spending on e-commerce will only increase in 2021, which should give a [significant boost](#) to **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock. Further, the structural shift towards the omnichannel platform is likely to boost Shopify's prospects.

As small and independent businesses continue to move online amid increased consumer demand, Shopify's gross merchandise volumes and revenues are expected to grow at a strong double-digit rate. Further, Shopify's expansion of sales channels, operating leverage, and up-selling of high-value products and services are likely to cushion its margins and continue to support the uptrend in its stock.

Cargojet

I believe increased healthcare and e-commerce-related volumes could continue to boost the financials of **Cargojet** ([TSX:CJT](#)) in 2021 and drive its stock higher. Cargojet's strong national network and coast-to-coast presence give it a competitive advantage over peers and drive its market share.

Meanwhile, long-term customer contracts, cost pass-through provisions, fleet optimization, and cost reductions are likely to support its growth. The company expects e-commerce volumes to remain high and support its growth in 2021. Recently, Cargojet stock has witnessed a healthy pullback, which provides an excellent buying opportunity.

Dye & Durham

Dye & Durham ([TSX:DND](#)) is an [attractive bet](#) for investors looking for high-growth stocks. I believe the wide availability of the vaccine in the second half of 2021 and economic reopening is likely to drive demand for its products and offerings in 2021. Meanwhile, its recent acquisitions are expected to accelerate its sales and adjusted EBITDA growth rate.

The company's organic sales are likely to sustain momentum, thanks to its strong and diversified customer base, low churn rate, and long-term contracts with blue-chip customers. Moreover, its growing global footprint presents new growth opportunities. Dye & Durham stock has retraced nearly 20% from its highs and looks attractive at the current price levels.

Goodfood Market

Goodfood Market ([TSX:FOOD](#)) started 2021 on a strong note and delivered impressive sales and gross profit growth in the first quarter of 2021. The online grocery retailer's revenues jumped 62% in Q1, while its gross profit surged 82%.

The online grocery company continues to benefit from a surge in demand and the expansion of its product offerings. Its active subscriber base continues to grow at a healthy pace. In Q1, Goodfood Market's subscriber base reached 306,000, reflecting an increase of 33% year over year.

Goodfood Market's strong delivery capabilities, growing customer base, and sustained demand are likely to drive its stock higher. Meanwhile, services like same-day delivery bode well for future growth.

CATEGORY

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2. Coronavirus
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POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:CJT (Cargojet Inc.)
3. TSX:DND (Dye & Durham Limited)
4. TSX:FOOD (Goodfood Market)
5. TSX:GSY (goeasy Ltd.)
6. TSX:SHOP (Shopify Inc.)

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