



## Forget Growth! I'd Buy These Canadian Cyclical Stocks

### Description

Growth stocks finally plunged after many months of crushing their [value](#) counterparts. With bond yields continuing to race higher, I think it would be wise to look to value and cyclical stocks, which, I believe, are in a better spot to [outperform](#) through the rest of the year. With the end of this pandemic likely to happen over the next year or so, we could find ourselves at the start of a cyclical upswing that could profoundly reward investors, as tech and growth did in 2020.

### Value and cyclical stocks: The best stocks to own for 2021?

The big growth-to-value rotation was a long time coming. Now that it's here, investors should look to where the puck could be headed next as we inch closer to the post-pandemic world. Many pundits out there think that we could be in for a discretionary spending boom that could fuel the "roaring '20s." While there's no telling what's up next for Mr. Market, I think it's wise to at least consider exposing yourself to the areas of the market that could stand to profit most over the next decade.

Growth had its moment to shine, and now, I think, names like **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) and **CAE** ([TSX:CAE](#))([NYSE:CAE](#)) will finally have their time to really shine on the back of the next bull market.

### Magna International: A cyclical auto parts maker that's still cheap

Magna is an auto parts maker that's been unstoppable of late. The cyclical stock broke out last year thanks in part to the hype surrounding electric vehicles (EVs). Even if the bubble in popular EV stocks were to burst tomorrow, I think Magna would be a name that would mostly be spared. Why? The stock isn't nearly as expensive as some other EV plays, especially those involved with next-generation technologies that'll fuel tomorrow's high-tech EVs.

The auto sector, I think, could be on the cusp of a rare cyclical upswing. I expect Magna will benefit

greatly from as traditional automakers like **General Motors** get up to speed with Tesla on the EV front. At 0.8 times sales and 2.3 times book, Magna is a terrific value and cyclical play to buy ahead of the “roaring ’20s” that could kick in once this pandemic ends.

## CAE: An underrated COVID-19 reopening play

CAE creates training services for the civil aviation markets, defence, and healthcare markets. The firm has felt the full force of the COVID-19 impact, as the civil segment exhibited tremendous weakness. CAE’s profits got cut in half, as the demand for its training services waned through its third quarter. While CAE is down and out today, I do expect the company to come roaring back on the other side of this pandemic, as the need for flight simulators increases alongside the demand for new planes. The balance sheet remains on steady footing and is more than enough to get CAE to the light at the end of this very dark tunnel.

The stock trades at 3.5 times book value, which is considerably lower than the industry average of around five.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:CAE (CAE Inc.)
2. NYSE:MGA (Magna International Inc.)
3. TSX:CAE (CAE Inc.)
4. TSX:MG (Magna International Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### Category

1. Investing

### Date

2025/07/01

### Date Created

2021/02/26

### Author

joefrenette

default watermark