3 Top Canadian Stocks to Buy for the Roaring 2020s

Description

You've probably heard that we could be in for the roaring 2020s or some post-pandemic discretionary spending boom. There's no question that today's environment has many striking similarities to the one experienced just over a century ago. As Mark Twain once put it, "history never repeats itself, but it often rhymes."

These days, investors are more focused on the threat of inflation and surging U.S. bond yields rather than the booming environment we could find ourselves in over the next decade. I think this latest market correction could prove to be a magnificent buying opportunity for investors looking to punch their ticket to the next bull market.

The roaring 2020s: Time for the cyclical stocks to roar?

I think discretionary stocks could lead the stock market's next upward charge, as growth and tech stocks look to take a backseat after hogging the limelight for years.

Without further ado, consider **Canada Goose Holdings** (TSX:GOOS)(NYSE:GOOS), **CAE** (TSX:CAE)(NYSE:CAE), and **Magna International** (TSX:MG)(NYSE:MGA), three simple TSX stocks that I'd bet will outperform over the next 18 months, as they look to become the new leaders in the early innings of what could be "the roaring 2020s."

Canada Goose Holdings

Canada Goose Holdings has one of the best management teams in the business. I'm a huge fan of CEO Dani Reiss and think he's a genius after having grown the Canada Goose brand to what it is today, with minimal marketing spend.

The Canada Goose brand has become an internationally recognized status symbol over the years. As the pandemic ends, and middle-class consumers gradually look to put their excess savings to work, I'd look to those insanely priced Canada Goose parkas will be in high demand once again.

The company has perfected omnichannel retail, and with the roaring 2020s underway, there's really no telling how high this goose can fly.

CAE

Shares of the flight simulation and training solution service provider got cut in half during the coronavirus crash, only to come roaring back into the end of 2020. For those looking to play an economic reopening, it's tough to beat CAE, as the commercial and business civil aviation segment looks to bounce back in the early 2020s. It's not just civil aviation that CAE has going for it. The company also provides invaluable services to defence customers.

More recently, CAE acquired **L3Harris Technologies's** military training business in a deal just north of US$1 billion. The deal further bolsters CAE's position in the military training space. I think investors would be wise to nibble away at CAE stock ahead of what could be a sizeable economic recovery.

Magna International

Last but not least, we have Magna International, a Canadian auto-parts maker that's been skyrocketing on electric vehicle (EV) hype of late. Shares of the cyclical industrial are skewing towards the higher end of the valuation range, but the stock remains cheap versus EV pure- plays out there. And in a growth-to-value rotation that could persist for many months, I think investors would be wise to skew towards the cheaper cyclicals like Magna, which is more likely to fall into the value basket than a growth one, with its mere 0.8 price-to-sales (P/S) multiple.

Shares yield a bountiful 2% and are ripe for the picking, even as the broader markets are led lower by frothy tech stocks.

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Date
2025/06/30
Date Created
2021/03/05
Author
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