



Ready for the Global Economy Reopening? Buy These 3 TSX Stocks

Description

Canadians should look forward to the global economy reopening. Economists estimate a 5.2% international economic growth. Also, after the 5.5% gross domestic product (GDP) contraction in 2020, the largest since 1945, the Canadian economy should grow by 4% in 2021.

Among the tailwinds are strong consumption and a rebound in exports. Government investment projects should likewise boost the economy. A successful vaccination campaign will clear the growth path.

On the **TSX**, investors should [position for the rebound](#). **Loblaw** ([TSX:L](#)), **Parkland Corporation** ([TSX:PKI](#)), and **Goodfood Market** ([TSX:FOOD](#)) are the top reopening picks. The three companies will benefit greatly this year and beyond.

Strong competitive strengths

As usual, Loblaw did not disappoint investors in the quarter ended March 27, 2021. The \$24.48 billion food and pharmacy company reported a 30% jump in profits versus Q1 2020. Its total revenues for the quarter topped \$11.87 billion. Besides the better-than-expected gross margins in food and drug sales, the financial services business delivered strong results.

The supermarket giant had a year-long pandemic winning streak, as evidenced by the blockbuster sales and profits. It's solid proof that Loblaw is indeed a core retailer with strong competitive strengths. However, management is cautious because the panic-buying gains could diminish during the [recovery period](#).

The current share price is \$71.19, while the dividend yield is 1.88%. While the dividend offer is moderate, market analysts forecast the price to climb 27.8% to \$91 in the next 12 months.

Track record of value creation

Despite continued impacts from the pandemic, Parkland's Adjusted EBITDA in quarter ended March 31, 2021 rose 64% to \$314 million versus Q1 2020. Management credits lower costs, continued strong per unit fuel margins, and convenience store same-store sales growth as reasons for the solid quarterly results.

Parkland President and CEO Bob Espey has high confidence in the company's 2021 outlook. Apart from the strong underlying business performance, its enterprise-wide organic growth initiatives are progressing well. Parkland has more financial flexibility following five recent transactions and lower annual interest costs.

Because Parkland's growth platform is stronger than ever, management expects to achieve an adjusted EBITDA run-rate of \$2 billion by year-end 2025. At \$39.40 per share, the \$5.93 billion distributor and refiner of fuel and petroleum products pay a 3.13% dividend.

Disrupting the Canadian grocery industry

Unlike Loblaw and Parkland, Goodfood Market is not a dividend payer. However, it should be the top growth stock pick today. Market analysts forecast a potential 103.5% price gain from \$7.77 to \$15 in the next 12 months. The stock's trailing one-year price return is 50.72%.

Goodfood Market's goal is to change the way Canadians cook. The \$540.05 million online grocery company is best known for its ready-to-eat meals. In the quarter ended February 28, 2021, management reported a \$41.9 million increase in revenue (+71%) versus Q2 fiscal 2020.

It was the first time that Goodfood reported a \$100 million-plus in revenues. Net loss for the quarter, however, was \$4 million. According to its CEO Jonathan Ferrari, the quarterly results reflect Goodfood's ability to generate superior growth and margins in the fast-growing online grocery and meal solutions markets.

Determining factor

The pace of economic growth in Canada hinges on the effective management of the pandemic. We can expect to realize a 4.5% growth in 2021 if the mass distribution of vaccines commences mid-year.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)
2. TSX:L (Loblaw Companies Limited)
3. TSX:PKI (Parkland Fuel Corporation)

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