



This Top TSX Stock Is the Complete Package for Long-Term Investors

Description

The reflation trade is alive and well right now. Indeed, anticipation of what the economy will look like in a few months, or even a few years from now, is much more optimistic today than this same time last year.

Accordingly, we've seen stocks heavily tied to consumer spending take off. Consumer packaging company **CCL Industries** ([TSX:CCL.B](#)) is one such company providing [excellent leverage](#) to this reflation trade.

Here's why CCL could be the complete package for investors betting on a sustained economic rebound from here.

Demand expectations growing increasingly bullish

Along with rising vaccination rates and a decline in COVID-19 cases, demand expectations are growing increasingly bullish for most consumer goods. Indeed, the labels, cardboard/aluminum/plastic tubes, cosmetics containers, and RFID & RF tags for loss prevention and inventory management CCL provides are likely to see outsized demand growth in this type of environment. CCL provides the labels and packaging, which are essential to domestic manufacturers right now.

Indeed, a bullish demand environment is great for demand-driven businesses, such as those CCL supports. The company has seen this uptick in demand already materialize in recent quarters. In fact, the company has seen cash flows increase by 16% year over year of late. If this level of cash flow growth can be sustained, CCL certainly looks like a bargain at these levels.

Dividend growth something to keep an eye on

CCL is a company many look to as a reflation trade or a bet on the broader health of the North American economy. And this makes sense.

However, this is also a company with an interesting dividend-growth thesis. The company's current yield of only 1.2% isn't anything to write home about. However, CCL has been consistently raising its dividend at a relatively rapid clip in recent years.

Any stock that focuses on returning value to shareholders in such a manner ought to get consideration from long-term investors. Dividend income is a significant portion of the total return many stocks provide. For companies like CCL, a higher dividend distribution over time could make or break the investment thesis with this stock. Those betting on a rising dividend yield may be more inclined to consider this reflation trade today.

Bottom line

As a pandemic reopening play, CCL certainly looks like an intriguing pick right now.

Indeed, the pace of economic growth coming out of this pandemic remains to be seen. However, the essential nature of the products and services CCL provides make this stock an interesting long-term holding for value investors. A rising dividend yield furthers this investment thesis in CCL stock.

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Author

chrismacdonald

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