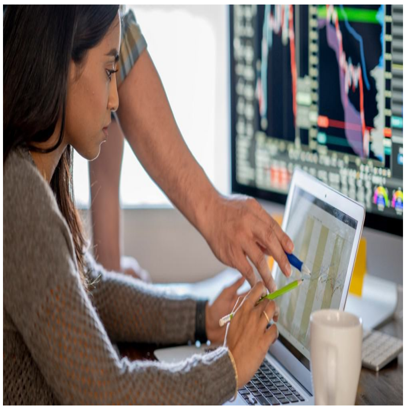

2 TSX Stocks to Buy As Canadian Exporters' Confidence Jumps to 20-Year High

Description

Canadian stocks continue to make new record highs in June as the economic reopening and rising economic activities boost investors' confidence. According to the latest *Export Development Canada* data released on June 24, Canadian exporters' confidence is currently at its highest level in more than 20 years. This positive development came nearly a year after the exporters' confidence dropped to a historic low due to the global pandemic-related woes.

As exporters' confidence surges, investors could add the shares of some fundamentally strong large export-oriented companies to their stock portfolio right now. Such stocks could outperform the broader market in the medium term.

Barrick Gold Stock

Barrick Gold (TSX:ABX)(NYSE:GOLD) is one of the largest export-oriented companies listed on the **Toronto Stock Exchange**. The company primarily focuses on the production, sale, and exports of gold and copper. In 2020, only 3% of its total revenue came from its home market compared to nearly 50% from the United States.

In the first quarter this year, Barrick Gold reported an 81% year-over-year increase in its earnings to US$0.29 per share. During the same quarter, its revenue rose by 9% to US$3 billion.

Barrick Gold stock has dived 10% in June as compared to a 2.5% rise in the **TSX Composite Index**. A sharp decline in gold prices could be one of the reasons for Barrick Gold's recent losses. Nonetheless, some analysts expect gold prices to bounce back soon to reach new heights amid rising inflation.

The expected sharp recovery in gold prices could boost the profitability of gold miners, including Barrick Gold. Moreover, rising Canadian exporters' confidence could be pointing towards improving growth outlook for export-oriented companies like Barrick Gold.

Magna International stock

Magna International (TSX:MG)(NYSE:MGA) is another large Canadian export-oriented company with a market capitalization of $34.2 billion. While total exports account for nearly one-third of Canada's gross domestic product, automotive exports' contribution is important. After going through a tough phase in 2020, Magna's exports of automotive parts are on the path to significant recovery amid rebounding auto demand.

In the first quarter, Magna International's revenue rose by 18% on a year-over-year basis to US$10.2 billion. Rising sales drove its adjusted earnings for the quarter higher by 33% to US$1.86 per share. Apart from its improving financials, Magna International is currently focusing on expanding its offerings for electric and autonomous vehicles.

This is one of the reasons why it started a joint venture in partnership with **LG Electronics**. This joint venture will make e-motors, inverters and onboard chargers, and e-drive systems for electric vehicles. This move would help Magna gain from the upcoming electric vehicle revolution in the coming years. Similarly, the company is also using its long legacy of driver-assistance systems to provide better features for tomorrow's self-driving cars.

Final thoughts

While Canadian exporters' confidence at its highest level in over two decades, I find many other fundamental reasons — discussed above — to invest in these two export-oriented companies right now. Buying their stocks today and holding them for the long term could help investors get handsome returns on their investments.

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1. Investing
2. Metals and Mining Stocks
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