CRB Extension: All You Need to Know

Description

The Canada Recovery Benefit (CRB) has been extended, but there's a catch. The popular program has helped millions of Canadians throughout the crisis. Now that the crisis is receding, the benefits are being gradually pulled back, too. If you're looking for an extension or are worried about the impact this will have on stocks and the economy, here's what you need to know.

CRB extension

As part of the 2021 federal budget, the Canadian government proposed extending the CRB. The program has now officially been extended by 12 weeks up to a maximum of 50 weeks. However, the amount will be reduced. From July 18, claimants can expect only $300 a week instead of the $500 a week that was paid out during the previous year.

This $200 cut is a sign that the government is looking to curtail stimulus measures. It's also a sign that the economy is recovering. In the months ahead, consumption could rebound strongly as unemployment subsides.

That makes it the perfect opportunity to invest some of your spare cash in the great Canadian recovery. I believe a robust, underrated tech stock could be the ideal purchase for your 2021 portfolio.

Best stock to buy right now

Enghouse Systems (TSX:ENGH) is a top pick for 2021, if you have spare cash to invest.
The stock is looking relatively attractive after a +30% pullback from all-time highs. The bounce-back continues to gather steam, as investors seek out robust growth opportunities.

Enghouse reporting a 17% year-over-year decline in revenue in Q2 to $117.3 million. Adjusted cash flow fell 18% to $40.2 million, as operating cash flow declined 1% to $42.6 million.

The decline in revenue and earnings year over year can be attributed to the previous year's significant increase in Enghouse Vidyo's business. The business has since returned to levels that are consistent with the pre-COVID-19 volumes.

Amid the decline, Enghouse continues to expand its cloud offerings, as it looks to give its clients options to choose from. Late last year, the company inked a $55 million 12-year agreement with Norwegian Health Care. It has since inked an eight-year $29 million agreement with the National Emergency Fire Services Technology System, affirming its prospects for recurring revenue.

Enghouse's long-term prospects

Over the last five years, Enghouse has increased its earnings per share by about 25% annually. Its dividend offering has also increased every year since 2009 at a compound annual growth rate of 21.9%, affirming its ability to return value to shareholders.

After the recent pullback, Enghouse is currently trading at a discount going by a price-to-sales multiple of six and price-to-book multiple of seven. A forward annual dividend yield of 1.15% is yet another sign that the company's cash flows are reliable. The meaningful 30% correction might as well have provided an opportunity to buy the stock at a discount, as Enghouse has a track record of high returns.

Bottom line

The CRB has been extended, but the weekly amount has been reduced. It's a sign that the economy is recovering, which means investors should bet on robust growth stocks like Enghouse.

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