



The 4 Best Canadian Stocks to Buy in the World of Wood

Description

The recent downturn in the **TSX** has investors hungry for growth. It's also led them astray, especially from strong industries like forestry. In fact, analysts believe some of the best Canadian stocks remain in the forestry sector, with record second-quarter results expected in the near future.

Yet the price of wood is expected to drop, and that's what investors may focus on. Yet they shouldn't. If Motley Fool investors are looking at company performance rather than simply the price of wood, the future [looks quite bright](#).

In fact, while DIY projects may fall, the outlook for housing, in particular, looks incredibly promising, along with paper and packaging from e-commerce. With that in mind, here are four wood stocks that look to be outperformers in the industry.

Canfor

Canfor ([TSX:CFP](#)) is in a strong position for growth given its diversity of products around the world. The company currently operates in North America, Asia, Europe, and even more international countries. It [offers everything](#) from lumber to paper products and even generates clean energy. Shares of the company are up 52% in the last year, but there has been a downturn that makes it one of the best Canadian stocks for Motley Fool investors to consider.

Shares are down 32% from highs in May, and the stock is now just above oversold territory at 31.78. However, analysts believe it will continue to outperform, with the average share price almost doubling from where it is today to \$43 per share. With a price-to-earnings ratio (P/E) of just 2.88, this is a strong stock to consider adding to your portfolio ahead of earnings.

Cascades

Cascades ([TSX:CAS](#)) is perfect for those seeking an increase in paper and packaging products from the e-commerce boom. The company focuses on these areas mainly in North America and Italy, but in

other countries as well. Shares are actually down by 1% in the last year but are due to rise and become one of the best Canadian stocks to buy right now.

The company offers a P/E ratio of 7.85, with analysts believing an average increase of 25% is due on the books over the next year. The demand for packaging is only increasing.

Meanwhile, the recent monetization of its 57.6% stake in RDM Group in Europe adds about \$468 million to its books. So now it can focus on even more North American growth.

Stella Jones

If you build it, they will come, and that's what **Stella-Jones** ([TSX:SJ](#)) has been counting on for years. The company is one of the best Canadian stocks on the TSX today thanks to its focus not only on timber for building homes, but also on building infrastructure. Electrical poles, railroad ties, bridge timbers, you name it. Stella Jones has cornered the market when it comes to these necessary items for Motley Fool investors.

Shares in the company are up about 16% in the last year but still trade at a P/E ratio of 12. Analysts expect the outperformer to continue growing by an average of 38% in the next year. But it remains near oversold territory currently at 38 RSI. So again, it's the perfect time to pick up the stock ahead of an earnings boost next month.

West Fraser

Finally, **West Fraser Timber** ([TSX:WFG](#)) knows that it's one of the best Canadian stocks on the market. Management is buying back \$1 billion shares, after raising its dividend this year as well. This news a few weeks ago led to an increase in share price, yet the company – and analysts – believe there is far more to go.

Shares are up for the diversified wood products company by 42% in the last year but have slumped in the last few months. The company remains in the above-oversold territory, but still offers a P/E ratio of just 4!

Meanwhile, analysts give it an average potential upside of 74%, with even the low end looking like an increase of 64%! So this is a strong company for investors to buy now and hold forever with [plenty of growth](#) ahead for this stock.

CATEGORY

1. Investing
2. Personal Finance

TICKERS GLOBAL

1. TSX:CAS (Cascades Inc.)
2. TSX:CFP (Canfor Corporation)
3. TSX:SJ (Stella-Jones Inc.)
4. TSX:WFG (West Fraser Timber Co. Ltd.)

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