



## Insider Alert! 2 Canadian Stocks to Buy and 2 to Avoid

### Description

Motley Fool investors searching for stocks may decide to check out insider trading as one of their strategies. While this strategy shouldn't be used on its own, it can absolutely give us some clues as to what might be some of the top Canadian stocks to buy. After all, if some of the biggest owners are buying or selling, there could be news coming out we have yet to hear.

With that in mind, here are four stocks I would check out this week. Two are Canadian stocks to buy possibly after some insider trading news, while two others you may want to avoid for now.

### First, what to avoid

Let's start off with the Canadian stocks to buy later, as opposed to right now. Bear in mind that selling is a bit trickier. We have to take into consideration that someone may just *need* their money! While buying can give you a clue as to future prospects, selling isn't always the case. With that in mind, let's start with two such stocks for Motley Fool investors to watch: **Ero Copper** ([TSX:ERO](#)) and **Toromont Industries** ([TSX:TIH](#)).

In the beginning two weeks of August, Executive Chairman Noel Dunn made a massive sale of 100,000 shares of Ero Copper. Prices remained undisclosed, but the average price was around \$24 per share at that time. That means Dunn would likely have received around \$2.4 million from proceeds.

This is a tricky stock because of Canadian stocks to buy, you'd think Ero Copper would be one. It recently hit record revenue during its latest earnings report, reiterating its annual guidance. It also trades at a P/E ratio of 8.26, so it is a steal by all accounts. It did announce a streaming deal recently that gets it into the gold sector. It could be that the details of the deal weren't up to snuff, especially in this environment, which is moving away from gold.

Then there's Toromont, which saw Chief Executive Officer Scott Medhurst take a short interest in the company at the beginning of August. He first purchased 60,000 shares at around \$47 months back to then sell them all later at about \$106. While the [original cost](#) was about \$2.82 million, he then walked away with \$6.36 million! That's proceeds of \$3.54 million!

This came on the back of a strong quarter for the company; however, shares have stalled just above the \$100 mark over the last three months. As well, the P/E ratio is at fair value — around 30 as of writing. So, Medhurst may think this is as good as it's going to get for a while.

## What to buy

Now for the Canadian stocks to buy on the back of insider trading. Again, while this shouldn't be the only reason you buy, insider trading is a clearer indication of new investment opportunities.

In this case, I would consider **Uni-Select** ([TSX:UNS](#)) and **CCL Industries** ([TSX:CCL.B](#)). For the former, Executive Chair and Chief Executive Officer Brian McManus bought up around \$2 million in shares in mid-August. Shares of Uni-Select are [already up](#) 121% year to date and 16% in the last month. So, it looks like McManus is confident more growth is on the way on the back of a strong quarter.

As for CCL Industries, there were two higher-ranking individuals who made some sales. President and Chief Executive Officer Geoff Martin sold 223,000 shares, while Chief Financial Officer Sean Washchuk sold 69,000 shares. The proceeds were \$3.4 million for Martin and about \$1 million for Washchuk.

Both still have a fair number of shares in their accounts, and CCL is still one of the Canadian stocks to buy based on future performance. The company had strong earnings recently and made some strategic acquisitions. The recent boost may just stall for a bit, which is why Martin and Washchuk perhaps made some sales.

## Bottom line

Let's be honest; this is all just to speculate on what could be the reason to buy or sell these stocks. All four are Canadian stocks to buy at some time or another. So, Motley Fool investors should continue to do their research before making any decision.

### CATEGORY

1. Investing
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### TICKERS GLOBAL

1. TSX:CCL.B (CCL Industries)
2. TSX:ERO (Ero Copper Corp.)
3. TSX:TIH (Toromont Industries Ltd.)
4. TSX:UNS (Uni-Select)

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1. alegatewolf
2. kduncombe

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## **Author**

alegatewolf

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