



My Top 4 Canadian Stock Picks for December 2021

Description

Canada reported its highest [inflation](#) in 18 years of 4.7% in October, as the world grapples with [the energy crisis](#). The month of December could see energy prices peak as the United States, Europe, and China faces supply shortages due to low energy production from renewable sources. This is the time to buy into the crisis. I have identified four stocks that will benefit from this whole scenario:

- **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#))
- **CGI Group** ([TSX:GIB.A](#))([NYSE:GIB](#))
- **Magna International** ([TSX:MG](#))([NYSE:MGA](#))
- **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#))

Enbridge stock

It goes without saying energy stocks would be key beneficiaries in an energy crisis. In February 2003, Canada's inflation rose because of energy prices. At that time, Enbridge stock surged 20% between April 2003 and February 2004. I expect history to repeat itself, as rising energy demand increases energy prices and brings significant cash flow.

This year, the energy crisis is erupting from the accelerated move to renewable energy resources to reduce carbon emissions. However, many countries failed to prepare a sufficient power back. Hence, when extreme weather conditions froze wind turbines and reduced solar energy, European countries reached out to natural gas exporters to address their supply shortage.

Some states in the United States face a natural gas shortage. Enbridge's pipelines play a key role in exporting Canada's oil and natural gas to the United States. It could see high volumes of oil and natural gas flow through its pipelines. Winter is the peak season for energy stocks, as heating requirements increase the demand for natural gas. This peak runs through early February, and then energy stocks see a correction.

Magna stock

The extreme weather conditions and rising gasoline prices could give a big push to the shift to electric vehicle (EV) adoption. Transportation is the biggest contributor to CO2 emissions. The energy crisis might force many countries to increase spending on fossil fuel energy. To offset emissions from fossil fuel energy, countries could accelerate EV adoption. However, the recent energy crisis has forced many factories to close their operation, as they can't afford high energy prices. This might extend the chip supply shortage and delay the EV revolution. But market delays need not be denials.

Magna has strong fundamentals and an order book. When the automotive market begins to recover, Magna could offer some significant returns.

CGI Group stock

The pandemic and now the energy crisis have encouraged companies to accelerate their move to go digital. CGI helps large companies go digital and maintain their digital infrastructure. The stock dipped 6% in November, creating an opportunity to buy a long-term [growth stock](#). It surged 725% in the 2020 decade when digitization was at its peak. The pandemic has encouraged even those companies that were reluctant to go digital to digitize. This renewed demand has pushed CGI stock to the pre-pandemic level. It could continue its slow and steady growth over the next few years.

Lightspeed stock

The digitization trend is also benefitting Lightspeed Commerce. The company is currently in the negative investor sentiment zone as short-seller reported that the company's performance metrics are inflated and do not give a true picture of the road ahead. The customer count, addressable market, and average revenue per user (ARPU) are inflated. Although Lightspeed denies the accusations, the report has shaken investor confidence. The stock tanked almost 60%, which I believe is an overreaction.

The growing coronavirus cases could once again give everything digital a push and pull Lightspeed out of this bearishness.

Foolish takeaway

The above stocks look attractive in the current market scenario. The Christmas month brings with it some challenges, like inflation, the energy crisis, supply chain issues, and the threat of a new wave of coronavirus. But this too shall pass. When things return to normalcy, these stocks could be riding the recovery rally once again.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:GIB (CGI Group Inc.)
3. NYSE:LSPD (Lightspeed Commerce)
4. NYSE:MGA (Magna International Inc.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:GIB.A (CGI)
7. TSX:LSPD (Lightspeed Commerce)
8. TSX:MG (Magna International Inc.)

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pujatayal

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