



## 3 Top Canadian Stocks That I Would Watch as Potential Buys

### Description

The encouraging comments from Anthony Fauci, the U.S. Chief Medical Advisor, on Omicron appear to have increased investors' confidence driving the equity markets higher. So, as the equity markets look to rebound, I expect the following three Canadian stocks to outperform over the next three years.

### goeasy

**goeasy** ([TSX:GSY](#)) has delivered solid performance over the last 20 years, with its top line and adjusted EPS growing in double digits. It has returned over 1,350% at a CAGR of 43.5% during this period. Despite substantial growth, it has acquired just around 3% of the sub-prime lending market for loans under \$50,000. With the sub-prime lending business being highly fragmented, the company has significant scope for expansion.

Amid the growth in economic activities, loan originations could rise in the coming quarters, benefiting goeasy. Meanwhile, the company is also venturing into new markets, strengthening its digital channels, and making strategic acquisitions, which could boost its financials. The management projects its loan portfolio to reach \$3 billion by the end of 2023 compared to \$1.8 billion at the end of the third quarter. So, given its healthy growth prospects and solid dividend growth at a CAGR of 34% over the last seven years, I believe goeasy to deliver oversized returns in the next three years.

## Canadian Natural Resources

**Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) is one of the top performers this year, with its stock price rising above 78% for this year. Higher oil prices and solid quarterly prices appear to have increased investors' confidence, driving the company's stock price higher. Despite the surge, the company's attractive valuation suggests more upside for these levels. Its forward price-to-earnings multiple stands at a juicy 7.6.

Oil prices have appreciated by over 15% from last week's lows amid the improvement in investors' sentiments. The company has [entered an agreement](#) to acquire Storm Resources, which could

increase its natural gas and NGL's production by 136 million cubic feet per day and 5,600 barrels per day, respectively. The management hopes to complete the deal by the end of this year. So, higher oil prices, increased production, and cost-cutting initiatives could boost Canadian Natural Resources's financials in the coming quarters.

Additionally, the company had raised its quarterly dividends by 25% to \$0.5875 per share, with its forward yield standing at 4.31%. So, [I am bullish on Canadian Natural Resources](#).

## Waste Connections

My final pick is **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)). Given the essential nature of its business and its solid quarterly performances, the company has returned 29.8% this year. Meanwhile, I expect the uptrend in the company's stock price to continue, as economic expansion could drive the demand for its services. Higher oil prices could increase exploration and production activities, thus driving the company's revenue from the segment.

Additionally, Waste Connections operates in exclusive or secondary markets, which has helped it to maintain its margins. Also, the company makes strategic acquisitions to enter new markets or strengthen its competitive positioning. In the first nine months of this year, the company has acquired assets worth US\$240 million, which could increase its annualized revenue by US\$100-US\$150 million. With its cash and cash equivalents standing at US\$340 million, the company is well positioned to continue with its acquisitions.

Meanwhile, Waste Connections had also raised its quarterly dividend by 12.2% to US\$0.205 per share in October. So, given its healthy growth prospects and stable cash flows, I expect Waste Connections to outperform over the next three years.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:WCN (Waste Connections)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:GSY (goeasy Ltd.)
5. TSX:WCN (Waste Connections)

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