



## North West Company: Is NWC Stock a Buy at This Price?

### Description

Throughout 2022, defensive stocks like **North West Company** ([TSX:NWC](#)) have seen their share price act much more resiliently than the rest of the market and therefore have been some of the best to buy and own. NWC stock in particular has seen its share price rise by about 1% so far year to date, while the **TSX** is down roughly 9%.

Any time the market is performing poorly, and especially when there are fears of a potential [recession](#) on the horizon, investors' number one priority is to find safe and reliable stocks that can help protect their capital.

Typically, utilities and consumer staples are the most popular industries. And North West is one of the best consumer staple stocks that you can buy.

With the stock trading roughly 15% off its high, you may be wondering if NWC stock is one of the best stocks to buy today while there's a discount on its price.

### Is NWC stock a buy at this price?

North West Stock is certainly an incredible company. Its operations are well diversified, it operates in remote regions that typically have less competition, it's vertically integrated its operations, allowing it to manage its margins better, and, of course, it sells consumers essentials, making its operations much more resilient than almost any other stock.

As a long-term investment, North West undoubtedly has tonnes of potential and can act as a core holding in your portfolio due to its resiliency and the fact that it's a Dividend Aristocrat.

If you're an investor that's looking to add defence to your portfolio, North West is one of the best to consider.

However, in the short term, NWC stock may have difficulty seeing its stock price gain any momentum.

Firstly, with so much risk in markets, many stocks are likely to fall in valuation. Although, with that in mind, the price of NWC stock should be a lot more resilient than most other businesses.

However, in addition to the tough market situation, NWC stock is also lapping some tough comparable periods, which could make it difficult to find momentum.

## How has North West Company performed recently?

In recent quarters, North West has continued its strong execution. Compared to its pre-pandemic numbers, the company has grown substantially.

However, as I mentioned above, this time last year, there were significant impacts on the economy due to the pandemic and North West benefitted as a result. So many of its year-over-year numbers are actually down, making it difficult for the stock to begin rallying again.

That's not necessarily all negative news. For example, one of the reasons North West will struggle to grow its earnings is that it expects to be impacted by inflation, like so many other businesses.

In reality, consumer staple stocks can usually pass on most price increases to consumers. However, North West has made it clear that it's willing to take a hit to profitability and offer more value to customers in order to retain some of the market share that it captured through the pandemic.

So, although the short-term outlook for NWC stock and its share price may not have many catalysts, the company continues to look highly compelling as a long-term investment.

## Does NWC stock offer value at this price?

At roughly \$34 a share, North West is certainly not the most attractively priced business on the market, but it offers value for investors looking to take a long-term position.

Currently, the stock trades at a forward [price-to-earnings ratio](#) of just 13 times, which is a fair price for such a reliable and robust consumer staple stock. Furthermore, with the stock trading at 13 times its expected earnings for this year, it's currently below its five-year average of 15.5 times and its 10-year average of 16.25 times.

In addition, after its recent pullback, the dividend yield has now increased to roughly 4.3%. So, not only can you buy this high-quality and defensive stock slightly undervalued, but it also offers an attractive dividend, with an expected payout ratio of just 60% this year.

Therefore, if you're looking to shore up your portfolio and find a high-quality stock to buy and hold for years, NWC stock certainly looks appealing at this price.

### CATEGORY

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