



## 1 Canadian Growth Stock That Could Double Your Money in an Economic Recovery

### Description

If you hear about any stock that flourishes in an economic downturn, this is not the time to buy it. The stock market rewards those who invest in the future and not in the present.

For instance, grocery and utility stocks are defensive stocks, and gold is considered a safe haven. These stocks tend to outperform in a recession but underperform in economic growth. Defensive stocks should form a small portion of your portfolio. The majority of your portfolio should be [value](#), growth, and dividend stocks. The current market downturn is time to buy growth stocks that can flourish during the economic recovery.

### The one Canadian stock to buy in a market downturn

The stock market is not too hard to predict. It is what you think and plan. Look at your house budget, and talk to your family. Ask them what they'd buy once the inflation eases and things are back on track. You will find your growth stock on your dining table.

The economy is what average consumers consume and how much they consume. I have recent examples of it. When in lockdown, many people postponed their travel plans, and many missed going to the office and theatre. But when the lockdown eased, stocks of market leaders in these sectors zoomed. Similarly, when lockdowns created panic, nobody knew what to buy or how to adjust. But those who had already invested in online services minted money.

The value lies in stocks where no one is investing in the present, but they could in the future. For example, I am planning to buy an electric vehicle (EV) in three years, as I delayed my purchase due to inflation and high electricity prices. Many consumers will buy discretionary items, and companies will revive their supply chain to reduce dependence on one supplier. I have identified a stock trading near its 52-week low that could double your money when an economic recovery begins.

## Magna International stock

**Magna International** ([TSX:MG](#))([NYSE:MGA](#)) is not an automaker but a component supplier and third-party automotive manufacturer. The company is the third-largest in its industry and has created a setup to make the most of the EV demand. It has partnered with 24 of the top 25 EV makers and is building plants to manufacture EVs for clients. At present, **Tesla** is leading the EV space. But several tech and automotive companies have new EV models lined up for the second half and next year. This space will get crowded, as major countries pledge to replace combustion vehicles with EVs.

The roadblocks to EV adoption are easing. Governments are investing in electric charging stations. Companies are coming up with ways to use renewable energy in these stations. Another concern is the availability of [lithium](#) for EV batteries. But work is ongoing to find an environment-friendly way to mine lithium.

Magna will come into the picture when EV supply increases because demand is already there. The EV revolution slowed due to supply constraints. When these constraints ease, Magna will fire all cylinders and fulfill those piling orders.

It's been a year of headwinds for Magna, with semiconductor supply shortages, the Russia-Ukraine war, lockdown in China, and inflation. Investors forgot this stock that was once their favourite when Joe Biden became the U.S. president and passed a green energy bill supporting EVs. Magna stock has dipped 46% from its June 2021 peak to the pre-pandemic level. The company has \$2 billion in [cash reserve](#) and no upcoming significant debt maturity. This gives it the flexibility to pay dividends, even when its revenue declines. This is the time to buy into future growth.

## A touch of dividend

Magna stock has a high trading volume of over one million shares. This means you can easily buy and sell this stock. The dip has increased its dividend yield to 3.16%. Investors don't see Magna as a dividend stock, but it has been paying a regular quarterly dividend since 1993 and growing it since 2010. This stock brings a good blend of dividend, value, and growth.

### CATEGORY

1. Investing
2. Stocks for Beginners

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#### **Date**

2025/08/24

#### **Date Created**

2022/06/25

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