



1 Canadian Stock That's a Sneaky Growth Stock and Will Be Again!

Description

Right now is the perfect opportunity that Motley Fool investors have been waiting for. The **TSX** today is down 14% from March highs and 10% year to date. That means you can pick up some of the strongest stocks out there for a fraction of the price.

One of the best I would consider has to be **Canadian Pacific Railway** ([TSX:CP](#))([NYSE:CP](#)). The company is a growth stock that's climbed almost 600% in the last decade! And, frankly, it could very well do that again. Let's look at how.

Dwelling on the present

Before we dive into the future of CP stock, let's look at what's been happening with this growth stock lately. The company is going through what the rest of the world is as well: inflation. Analysts downgraded the stock to sector perform thanks to inflation causing costs to soar for this year. While they don't believe it will be as severe as the 2009 recession, there is a downturn scenario that could see traffic growth shrink for CP stock.

Further, the growth stock is going through the downfall of a harsh winter and rail disruptions. This combined with the recent inflation and economic performance caused analysts to downgrade the stock's overall yearly performance in the near term.

Even still, shares are actually up about 3.5% year to date. So, it's certainly outperforming the market, providing at least some defence in this downturn.

Growth ahead

Again, before we jump into the growth ahead, let me just go over what makes CP stock such a great growth stock to begin with. In the last decade, the company brought on new management that overhauled the transporter. They streamlined the business to become a balance sheet superstar.

This is what led to the company being able to make an enormous purchase of **Kansas City Southern**. The purchase price was US\$31 billion, so it was not cheap in the slightest. But it gives the company exposure to more in the United States and, most importantly, Mexico. This makes it the *only* railway travelling from Canada through the U.S. down into Mexico.

And that's what makes the growth stock so appealing today. Analysts believe this new source of revenue will cause CP stock to soar yet again in the next few years. It can add on more coal, grain, oil, and fertilizer. It can also add automotive, forestry, and chemicals. These are all substantial businesses, with many that will keep running even in a downturn.

Become a long-term holder

In the short term, costs are rising. This has caused CP stock to miss its past earnings estimates. Honestly, I'm expecting this again when earnings come out this month. That being said, it could be a [great time to consider](#) buying the company on the TSX today for a steal!

It's important to note that the CP stock merger with KCS is not fully approved, though it looks incredibly likely. Should this occur, analysts will increase their potential targets once more. It could also lead to another share price bump for CP investors on the TSX today.

Once all is said and done, CP stock could very well see its share price explode in the next decade with this new source of revenue. At the very least, it offers a [dividend](#) of 0.81% as of writing and a potential upside of up to 24%!

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