3 Top Canadian Stocks to Buy Right Now

Description

Growth stocks tend to grow their financials at a higher rate than the broader equity markets, thus delivering higher returns. However, these companies require higher capital investments to fund their growth initiatives. So, amid the rising interest rates, growth stocks have witnessed substantial correction. Meanwhile, I believe the selloff in the following three stocks is overdone, thus providing an excellent entry point for long-term investors.

Suncor Energy

Amid the fear of recession and rising supply, oil prices have cooled down substantially from their March highs. The decline in oil prices has dragged the stock price of **Suncor Energy** (TSX:SU)(NYSE:SU) down by 26% compared to its June highs. Amid the correction, its NTM price-to-earnings multiple has declined to an attractive four.

Despite the fall, WTI crude is trading around US$99/barrel, while analysts expect oil prices to remain around US$100/barrel for the rest of this year. Meanwhile, given its long-life, low-decline assets, the company can break even provided WTI crude trades around US$35/barrel. So, I expect Suncor Energy's margins to expand with oil trading substantially higher than these levels. The company's higher production, a decline in interest expenses, and cost-cutting initiatives could boost its financials in the coming quarters.

Suncor Energy also pays a quarterly dividend of $0.47/share, with its forward yield at 4.78%. So, considering its growth prospects, attractive valuation, and healthy dividend yield, I am bullish on Suncor Energy.

Cargojet

Cargojet (TSX:CJT) is an air cargo company that provides time-sensitive delivery services across prominent cities in Canada and international markets. With the growth in e-commerce, the demand for Cargojet's services is rising. Given its substantial market share and higher entry barrier, the company is well-positioned to benefit from the growth.

Amid the rising demand, Cargojet plans to add 16 new aircraft over the next two years. The company's long-term contracts and minimum revenue guarantees stabilize its financials. The company is also improving its operational efficiency and reducing debt levels, which could boost its financials.

Amid the recent pullback, Cargojet's NTM price-to-earnings multiple has declined to 20.2, which is lower than its historical average. So, given its growth initiatives and attractive valuation, I expect Cargojet to outperform over the next three years.

goeasy

My final pick is **goeasy** (TSX:GSY), which has been growing its revenue and adjusted EPS in double digits for the last 20 years. Meanwhile, I expect the uptrend in the company's financials to continue. With the growth in economic activities, loan originations could rise. Given the highly fragmented subprime lending market, the company's omnichannel lending services, focus on improving the consumer experience, and geographical expansion initiatives could further strengthen its position.

With the recent acquisition of LendCare, the company has added new verticals, such as Powersports, auto, retail, healthcare, and home improvement. Given its growth prospects, goeasy's management expects its loan portfolio to grow by 67% over the next three years while delivering a return on equity of over 22% annually. So, its growth prospects look healthy. The company has raised its dividends at an annualized growth rate of over 34% since 2014.

However, amid the recent pullback, goeasy has lost around 55% of its stock value compared to its 52-week high. The company's NTM price-to-earnings multiple has also declined to 7.8, making it an attractive buy.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:CJT (Cargojet Inc.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:SU (Suncor Energy Inc.)

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