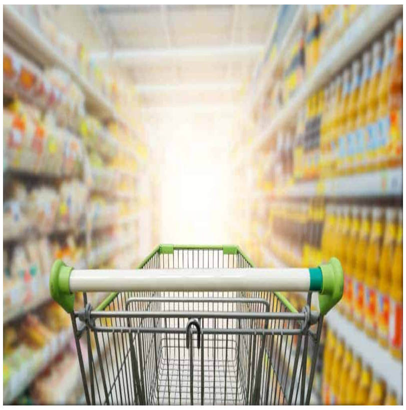

Up by Almost 20%: Is Loblaw Companies (TSX:L) a Good Buy Right Now?

Description

The **S&P/TSX Composite Index** is down by 8.76% from its 52-week high in March 2022 as of this writing. The Canadian benchmark index has been picking up its pace recently, rallying by over 10% in the last month. All sectors of the Canadian economy besides the energy sector saw an uptick last week. Considering the recent rally as a sign that the economy is out of trouble might be a mistake.

It is too soon to say that the market is past the uncertainty that has gripped it for so long. Stock market investing right now requires learning how to pick wisely. Experts and analysts continue to warn investors about the potential of a recession hitting Canada soon. Investors worried about market volatility might want to consider investing in businesses capable of riding the wave while generating stable revenues.

Loblaw Companies (TSX:L) is a stock you could consider for this purpose.

Canadian retail giant

Loblaw Companies is one of Canada's largest pharmacy, grocery, and general merchandise retailers. The retailer has an expansive presence throughout Canada, operating retail stores under various banners. Retailers like Loblaw have enjoyed considerable sales growth over the last year, and its performance on the stock market reflects its recent success.

As of this writing, Loblaw stock trades for $123 per share, close to its newly established all-time high. It is up by almost 20% year to date at current levels, and its recent quarterly earnings report has plenty of positive takeaways. Loblaw released its second-quarter earnings report for fiscal 2022 on July 27.

The company achieved an adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) growth of 9.3% year over year, hitting $1.49 billion in the quarter. Its adjusted net earnings available to shareholders rose by 22% year over year, reaching $566 million. Its adjusted diluted earnings per share rose by 25% in the same period.

Loblaw had more positives to report from its operational side. The giant entered the pharmacy retailer market by acquiring Shoppers Drug Mart in 2014. It has expanded its presence in the healthcare sector by acquiring Lifemark Health Group.

The company has also launched its PC Express Rapid Delivery in collaboration with DoorDash. This service will allow Loblaw to cater to its grocery and convenience items customers by delivering their purchases within 30 minutes.

Foolish takeaway

Many TSX stocks have not fared well amid rising inflation rates, as it puts more pressure on consumer-facing companies. However, Loblaw and its peers managed to outperform the broader market exactly because of inflation. The company provides essential supplies to its customers. Rising inflation has increased the price of its wares, but people still keep purchasing them.

As of this writing, Loblaw Companies stock is one of the rare few publicly traded companies trading at all-time highs. Almost the entirety of the Canadian stock market trades below all-time highs, and Loblaw stock has managed to hit a new all-time high.

Offering a modest 1.32% dividend yield and boasting a 20.98 trailing price-to-earnings ratio, Loblaw stock could be an excellent addition to your self-directed portfolio at current levels.

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1. Dividend Stocks
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