Canadian Tire Stock Rose 15% in January 2023

Description

Canadian Tire (TSX:CTC.A) has been celebrating a lot lately. Last year, the company celebrated 100 years of being a Canadian icon. Yet that's not the only reason for some balloons. Canadian Tire stock has been doing quite well, with shares climbing 15% in January alone.

What's been going on with Canadian Tire stock, and should investors jump on board? Or is a dip in store for Canada's chain?

What happened?

There has been inflation, rising interest rates, a restriction on consumer spending, and yet here is Canadian Tire stock outperforming the rest. It's proven to analysts time and again that the company is resilient, with plenty in place to continue keeping revenue strong.

As inflation becomes more under control, analysts believe that the stock will see more growth once more. In fact, one analyst believes it should outperform the rest in the near future.

The key here for analysts is the auto parts sector of the store. It's a top choice for Canadians seeking auto parts and has proven this during the downturn. Yet Canadians are likely to move back towards the stock for more than just new tires in the months to come.

Still holds value

Analysts believe that the stock fell after its strength during the pandemic, as Canadians moved back to other stores for their necessities. However, it now offers substantial value and has proven to provide protection as well.

That protection comes from a wide range of products and programs on offer by Canadian Tire stock: it has the Triangle Loyalty program, a buy-now-pay-later offering, a broad arrange of products, its own brands, the Marks and SportsChek banners, a wide range of quality, and its own warehouses.

What's insane, however, is that the company still trades in value territory, even after all this. Currently, investors can pick up Canadian Tire stock trading at 9.55 times earnings. That also comes with a 4.4% dividend yield as well.

100 years of growth

Look to the past if you want to see where your investment could be headed in the future. Canadian Tire stock has been resilient before, and it's proving to be resilient once again. So, looking at how it's performed in the last 20 years is certainly helpful.

In that time, shares have climbed 700%! That's a compound annual growth rate (CAGR) of 10.95%. And note, that's through *two* recessions and several downturns, including the pandemic, which it managed to sail through.

As for its dividend, Canadian Tire stock has a CAGR at an incredible 15.67% over the last decade. And those dividends have remained steady, providing you with a reason to hold the stock, even during the worst of times.

Bottom line

No matter what happens in the next year on the markets, Canadian Tire stock should continue to perform as it has in the past. While there may be a slight dip, those 100 years of history certainly come with advantages. If you don't know where else to go for parts and products, you're likely headed to a Canadian Tire store — especially if it concerns auto parts. That is why investors should continue to consider the stock for another 100 years.

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