



## My Top Retail Stock for Investors in 2023

### Description

Just a couple of years back, retail stocks suffered a massive downfall during the pandemic due to supply chain issues and a drop in consumer demand. Moreover, e-commerce stocks took centre stage, as online shopping boomed.

However, the situation has changed greatly for retail stocks, as inflation has gone through the roof. Brick-and-mortar retail has picked up alongside e-commerce, as the public health scare subsided. Now can be a suitable time to invest in retail stocks.

Now, there are several retail plays on the TSX. But there is one play that I would recommend for 2023: **Canadian Tire** ([TSX:CTC.A](#)).

Why? Let's find out below.

### Canadian Tire has superb growth potential

Canadian Tire is a popular retail company that is involved with the manufacturing of auto parts, leisure items, fitness equipment, home décor items and others. It celebrated its 100 years in 2022 and is one of the most notable and recognized businesses in Canada.

As per analyst reports, the company is expected to clock in 17% growth in the next couple of years. The company is expected to grow its cash flow in the near future, which will only help in boosting the share price.

Moreover, Canadian Tire pays a considerable dividend to its investors which have grown at over 15% CAGR since the past decade. As of now, the company's [dividend](#) yield stands at [over 4.3%](#), which is expected to grow to more than 6.5% by 2025. Thus, this is a stock delivering an incredible return on capital for investors, in the retail space nonetheless.

As Canadian Tire grows over time, I expect more of its cash flows to be returned to shareholders via dividends. That's one of the main reasons this is the top retail stock in Canada, in my view.

## Canadian Tire stock is undervalued

As of now, Canadian Tire stock is trading at around \$165, which is considered to be fairly cheap. This stock, as per many financial analysts, is undervalued, given its significantly higher intrinsic value. Accordingly, I think now is a great time to consider this stock.

Given Canadian Tire's revenue of \$17.6 billion, this is a stock that's trading at around 0.6 times sales. Additionally, considering its free cash flow growth potential, this is a stock that I think is worth picking up on any dips moving forward.

## Bottom line

Canadian Tire is one retail stock with a juicy dividend, undervalued price, significant intrinsic value, and excellent growth potential. Thus, Canadian Tire is a great pick for those looking to invest in retail stocks right now.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)

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