



Top Canadian Industrial Stocks of 2023

Description

Industrial stocks are companies that produce machinery and materials that are used in construction, transportation, and manufacturing.

When the economy is booming, it's often industrial companies that are "behind the scenes" driving it. Industrials manufacture heavy-duty tools and vehicles, such as cranes, bulldozers, and tractors. They provide essential transportation services, like air freight and railroads, to haul heavy industrial materials from producers to building sites. And they're in charge of managing waste and protecting the environment, both ecologically and defensively.

As one of the market's oldest sectors, with roots stretching back to the Industrial Revolution, industrial stocks can provide Canadian investors with some long-term stability and durability. Below we'll break industrial stocks into its various subsectors, and help you decide if these essential companies are right for you.

What are industrial stocks?

Industrial stocks are companies that manufacture machines, vehicles, and technology for various industries including the construction, transportation, and defense sectors.

These companies rarely engage directly with the everyday consumer. Instead, they sell machinery, industrial materials, and software to other companies, firms, and federal governments.

Types of industrial stocks

As one of the [11 stock market sectors](#), the industrial sector is massive and wide-reaching. But generally speaking, we can boil it down to a few main subsectors:

Aerospace and defense stocks

[Aerospace and defense companies \(A&D\)](#) build defense systems, weapons, and industrial vessels (such as aircraft, spacecraft, tanks, and submarines) for the Canadian government. Many of these companies focus on designing individual parts for larger vehicles, or software for use by intelligence services.

Aerospace and defense stocks

Description

Bombardier ([TSX:BBD.B](#))

Jet manufacturer, specializing in business and private planes

CAE ([TSX:CAE](#))

Major manufacturer of flight simulator technology

MDA ([TSX:MDA](#))

Provider of advanced geointelligence for satellite systems and the space industry

Air freight and logistics stocks

Air freight and logistics stocks are companies concerned with delivering industrial goods and materials via a scheduled air carrier. To be sure, these companies are not in the business of transporting *people* (that would be [airline stocks](#)).

Instead, air freight and logistics companies oversee putting time-sensitive packages on planes, coordinating the fastest routes, and delivering them on-time to customers.

Air freight and logistics stocks

Description

Cargojet ([TSX:CJT](#))

Major provider of time sensitive overnight cargo

Logistec ([TSX:LGT.A](#))

Large transportation company that delivers cargo for marine and industrial customers

Andlauer Healthcare Group ([TSX:AND](#))

Serves the healthcare sector by helping facilities and hospitals with supply chain logistics

Construction stocks

Construction stocks are all the various companies that oversee a building project from start to finish. These companies process raw sources (such as concrete, asphalt, and timber), manufacture tools and industrial components, offer engineering and architectural services, and manage the actual construction of buildings.

Construction Stocks

Description

WSP Global ([TSX:WSP](#))

One of the world's largest engineering service firms

Stantec ([TSX:STN](#))

Major design and consulting firm headquartered in Alberta

Badger Infrastructure Solutions ([TSX:BDGI](#))

Company that specializes in “non-destructive” excavating services, which involves highly pressurized water streams

Industrial machinery stocks

Industrial machinery companies are those that manufacture heavy-duty machines, such as tractors, bulldozers, and cranes. These companies may also specialize in manufacturing a single part, such as turbines, engines, pumps, compressors, and hydraulics for industrial machines.

Finally, these companies also build and repair machines on construction sites or at factories.

Industrial machinery stocks	Description
ATS Automation Tooling Systems (TSX:ATA)	Major designer of automation systems for a wide range of industries, including healthcare, semiconductor, and telecommunications
Ballard Power Systems (TSX:BLDP)	Developer of fuel cell products for heavy-duty road vehicles, mining trucks, trains, and backup power systems
Savaria (TSX:SIS)	Manufactures products for personal mobility, such as stairlifts, ceiling lifts, wheelchair lifts, and home elevators

Transportation stocks

In a nutshell, transportation stocks are companies that move things. This could be railroads moving coal, trucks hauling stones, or marine shipping companies freighting products over oceans and seas. If it involves shipping something from “point A” to “point B,” it’s likely a transportation stock.

(Note: Companies that transport oil, such as midstream energy companies, are not considered transportation stocks, but [oil stocks](#)).

Transportation Stocks	Description
Canadian National Railway (TSX:CNR)	The longest railway system in North America with more than 20,000 kilometers of tracks
Canadian Pacific Railway (TSX:CP)	Major railway service that operates in seven provinces of Canada and parts of the U.S.
TFI International Inc. (TSX:TFII)	Transport and logistics company operating in Canada, the U.S., and Mexico

Waste management stocks

Waste management companies are responsible for disposing waste of all kinds — whether solid, liquid, or gas — in an efficient and clean manner. These companies oversee everything from removing harmful chemicals to managing recycling to picking up the neighborhood trash.

Waste management stocks	Description
Waste Connections (TSX:WCN)	The third largest provider of solid waste and recycling services in North America

GFL Environmental (TSX:GFL)	Major provider of environmental waste services in Canada
Secure Energy Services (TSX:SES)	Major provider of oilfield waste treatment and removal

What to know before investing in industrial stocks

Before investing in the sector, you should know that industrial stocks are highly vulnerable to economic cycles (called "[cyclical stocks](#)"). In other words, demand for industrial products depends highly on government spending, construction, and the state of the overall economy.

During a strong economy, when jobs are aplenty and consumers are confident, industrial stocks tend to thrive. But gains made during economic booms can just as easily be lost during recessions and slowdowns. The losses aren't permanent, but they can make your stomach turn if you're not used to them.

That shouldn't scare you away from industrial stocks. But it should help you strategize. You can expose a piece of your portfolio to the booming nature of industrials, while also anchoring your holding with more stable stocks, such as [safe stocks](#), [blue chips](#), and [large caps](#).

The durability of industrial stocks over the long term could also pair well with the short-term gains from growth stocks or value stocks.

Are industrial stocks right for you?

Industrial stocks are best for long-term investors who are okay with slow but steady growth. Many industrial companies are long-established in their businesses. While they might experience periods of profitable expansion (especially during economic booms or favourable legislation), these stocks rarely grow immensely in a short period of time. If you can keep yourself invested in industrials for five years or more, these stocks might be right for you.

If you're a dividend investor, you might want to look elsewhere. Though many of these companies pay dividends, they're often not high, and the short-term volatility could disrupt whatever income you're earning from it. You're better off with bank stocks, utility stocks, or other high-paying [dividend stocks](#).

Finally, you could expose yourself to the industrial sector by buying shares in an industrial ETF. An [exchange-traded fund \(ETF\)](#) tracks the performance of the overall industrial sector with a diversified holding of companies.

Some common industrial ETFs in Canada include:

- BMO Equal Weight Industrials Index ETF (ZIN)
- iShares S&P Global Index ETF (XGI)
- First Trust AlphaDEX U.S. Industrials Sector Index ETF (FHG)

TICKERS GLOBAL

1. TSX:AND (Andlauer Healthcare Group Inc.)
2. TSX:BBD.B (Bombardier)
3. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
4. TSX:BLDP (Ballard Power Systems Inc.)
5. TSX:CAE (CAE Inc.)
6. TSX:CJT (Cargojet Inc.)
7. TSX:CNR (Canadian National Railway Company)
8. TSX:CP (Canadian Pacific Railway)
9. TSX:LGT.A (Logistec)
10. TSX:MDA (MDA Ltd.)
11. TSX:SES (Secure Energy Services)
12. TSX:SIS (Savaria Corporation)
13. TSX:STN (Stantec Inc.)
14. TSX:TFII (TFI International)
15. TSX:WCN (Waste Connections)
16. TSX:WSP (WSP Global)

PP NOTIFY USER

1. cleona
2. metienne
3. tmfbwelch

Date

2025/09/26

Date Created

2022/09/30

Author

sporrello

default watermark

default watermark