



3 Top Canadian Stocks to Buy in May 2021

Description

The Canadian stock market has put together an impressive first four months of the year. After posting a slight gain in 2020, the **S&P/TSX Composite Index** is now up more than 10% since the beginning of 2021.

It's normal to be slightly hesitant to invest in stocks while the market is trading at an all-time high. The reason why I have no problem investing today is because I'm bullish on the reopening of the country and its effect that it could have on the economy.

If you're like me and expect to see the economy rebound in the second half of the year, then now would be a wise time to load up on [top Canadian stocks](#). Here is my list of three must-buys this month.

Shopify

There aren't many stocks that have outperformed **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) since it joined the **TSX** in 2015. Since then, shares are up an unbelievable 3,700%.

Now valued at a market cap of \$170 billion, I wouldn't bank on the same type of price appreciation over the next five years, but revenue is still continuing to grow at a torrid rate.

Shopify recently reported its 2021 Q1 earnings. The tech giant once again posted revenue growth that topped 100%, which came in just shy of \$1 billion. Management did say they expect revenue growth to slow in the coming quarters, but that's only natural after seeing a boom in demand during the pandemic.

At a price-to-sales ratio of nearly 50, this [growth stock](#) is not for the faint of heart. The volatility will likely continue for as long as the valuation remains this high.

On the bright side, the [tech stock](#) is trading at an opportunistic discount right now. Shares are down almost 30% from all-time highs set earlier this year.

goeasy

If you're looking for a stock that could surge during an economic recovery, **goeasy** ([TSX:GSY](#)) is for you.

The \$2 billion company provides Canadian consumers with all kinds of different financial services. Personal, home, and auto loans are where goeasy specializes, which is why I'm bullish on the second half of the year for the stock.

The reopening of the country could lead to a potential rise in consumer spending. If that's the case, goeasy would likely see a jump in revenue.

Regardless of how goeasy stock fares in 2021, it's still a great long-term hold today. Shares are up a market-crushing 700% over the past five years. On top of that, the stock owns a 1.75% dividend yield at today's price.

Algonquin Power

While this utility company might not be able to match the growth of Shopify or goeasy, there's always room for a dependable [dividend-paying](#) utility stock in a long-term investment portfolio.

At today's stock price, **Algonquin Power's** ([TSX:AQN](#))([NYSE:AQN](#)) annual dividend of \$0.78 per share earns investors a yield of 4%.

Where Algonquin Power separates itself from its peers is its renewable energy part of the business. The company owns and operates all kinds of different renewable energy facilities, including wind, hydro, and solar sources.

Due to the utility stock's exposure to the growing renewable energy sector, Algonquin Power has managed to nearly double the Canadian market's returns over the past five years. Driving that kind of growth isn't exactly common for a utility stock.

Because I'm a mega-bull on renewable energy, I've got Algonquin Power at the top of my buy list right now.

CATEGORY

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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