A Strong Economy Should Boost These Dividend Stocks

Description

Canadian restaurants performed well in 2015 and 2016 in spite of a difficult economic environment. Expectations were muted as the Food Industry Forecast projected weaker sales numbers to come this year. The Canadian economy has performed exceedingly well in 2017, boasting some of the best GDP and jobs numbers seen since the beginning of the decade.

As we head into the fall and winter, the holiday season combined with a booming economy could see improving numbers for these consumer stocks. So, should investors bet on a strong ending to 2017 for these stocks?

Restaurant Brands International Inc. (TSX:QSR)(NYSE:QSR) is the parent company of Tim Hortons, Burger King, and Popeyes Louisiana Chicken. The stock has increased 20.3% in 2017 and 31.4% year over year. The company released second-quarter results that were mixed. Revenue was up to $1.1 billion from $1 billion in Q2 2016, but net income dipped slightly as growth slowed at Tim Hortons and Popeyes locations.

A late-year surge could give a boost to the company, and it still offers a dividend of $0.25 per share, representing a dividend yield of 1.3%.

Cara Operations Ltd. (TSX:CARA) operates several restaurant chains, including Swiss Chalet, Harvey's, Milestones, Montana's, and others. It reported its second-quarter results on July 31. System sales increased 46.7% to $660.8 million, but earnings declined 13.3% for the quarter. Like middle retailers, middle-chain restaurants like Swiss Chalet and Kelsey's have struggled in a new economic environment as millennials turn away from casual dining. Cara is my least favourite of the stocks listed in this article, but it could still receive a bump from holiday spending and offers a dividend yield of 1.9%.

Boston Pizza Royalties Income Fund (TSX:BPF.UN) stock gives investors the opportunity to benefit in stakes of the Boston Pizza trademarks in Canada. The stock is down 5% in 2017 and has largely been flat year over year. The company released its second-quarter results on August 10. System-wide gross sales were up marginally — 0.6%. Same-store sales growth was down 1.6% for the quarter and is down 0.9% for the year. The stock also boasts a tasty dividend of $0.12 per share, representing a dividend yield of 6.4%.

Shares of **Cineplex Inc.** (TSX:CGX) have declined 24.6% in 2017 and 22% year over year. The company reported its second-quarter results on August 2 which saw box office revenues increase 2.4% and concessions grow 2.7%, even with a decline in attendance. It's no secret that this has been one of the worst summers for the box office in North America in years. However, the fall season has started hot with the debut of the horror hit *It*, which blew away expectations, making over $120 million on its first weekend. Hits like *Justice League* and the next *Star Wars* installment still on the slate in the fall and winter.

Cineplex stock also offers a dividend of $0.14 per share with a dividend yield of 4.35%.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
3. TSX:CGX (Cineplex Inc.)
4. TSX:QSR (Restaurant Brands International Inc.)
5. TSX:RECP (Recipe Unlimited)

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aocallaghan