



## 3 Stocks to Watch as Manufacturing and Mining Hit a Rough Patch

### Description

Canadian GDP declined 0.3% in August, according to a data recently released by Statistics Canada. The manufacturing sector was a notable drag on GDP, contracting 1% in the month of August. Durable and non-durable manufacturing experienced a drop, falling 0.1% and 2%, respectively. Mining also declined 0.8% for the month.

With the Canadian economy slowing, and NAFTA negotiations still proving a headache for North American manufacturing, let's look at three stocks that could be affected heading into the final months of 2017.

#### Winpak Ltd.

**Winpak Ltd.** ([TSX:WPK](#)) is a manufacturer and distributor of packaging materials and machines. The stock has climbed 10% in 2017 as of close on November 2 and 8.6% year over year. Winpak released its third-quarter results on October 26. Revenue increased to \$218.3 million compared to \$204.7 million in Q3 2016. The company posted net income of \$26.3 million in comparison to \$25.1 million in the previous year.

Winpak leadership expects sales volumes to continue at the same clip it saw in the third quarter, and after passing through a tumultuous period, there is reason to be confident in this forecast. The ongoing NAFTA negotiations are also a concern for Winpak. I discussed the possible impact of the end of NAFTA for manufacturing stocks [here](#). However, as Bank of Canada governor Stephen Poloz recently pointed out, any predictions on the fallout from a scuttling of NAFTA is speculation.

#### Yamana Gold Inc.

Shares of **Yamana Gold Inc.** ([TSX:YRI](#))([NYSE:AUY](#)) have declined 11.6% in 2017 and 27% year over year. The stock continues to show weakness, even during periods of strength for the spot gold price this year. The Toronto-based gold producer released its third-quarter results on October 26.

The company increased its silver production by 8% and copper production by 27%; the latter metal has been in an impressive bull run in 2017. Revenue increased to \$494.4 million from \$464.3 million in the

third quarter of 2016. It posted net income of \$38.3 million compared to a \$2.1 million loss in the previous year.

Gold and silver have been in a steady decline since mid-September, as the U.S. dollar has shown renewed strength. In an [October article](#), I discussed the drop in precious metals prices and whether or not investors should duck out in the final months of 2017.

## Domtar Corporation

**Domtar Corporation** ([TSX:UFS](#))(NYSE:UFS) is a Montreal-based designer, manufacturer, marketer, and distributor of paper products. The stock has climbed 15.9% in 2017 and 25% year over year. The company released preliminary third-quarter results on October 27. It reported net earnings of \$70 million, or \$1.11 per share, compared to \$38 million, or \$0.61 per share, in Q3 2016.

The company has continued to post strong EBITDA and cash flow in 2017. The stock also offers a dividend of \$0.53 per share with a 3.5% dividend yield. Domtar has been subject to some environmental criticism in the past, but moving forward, this is a solid add with a wide economic moat.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. TSX:UFS (Domtar Corporation)
3. TSX:WPK (Winpak Ltd.)
4. TSX:YRI (Yamana Gold)

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