

3 Stocks to Buy With Canada Poised to Post Record Vehicle Sales in 2017

Description

October vehicle sales brought the total for 2017 up to 1.76 million, which represented a 5.6% increase from the same time in 2016. Vehicle sales are now on pace to surpass two million in 2017, and, apart from April, every month has seen record sales.

I've previously [discussed](#) why investors should focus on automotive stocks after Statistics Canada's August retail sales report. Seasonally adjusted retail sales were up for new and used vehicles — 0.7% and 5.6%, respectively, in the month. Sales for automotive parts were also up 7.4% year over year, demonstrating the strength in the industry across the board.

Let's look at three stocks Canadians can target to take advantage of the booming auto industry.

AutoCanada Inc. ([TSX:ACQ](#)) was my [top stock pick for November](#). The stock has fallen 4.1% in 2017 as of close on November 9 and increased 8.5% year over year. AutoCanada released its third-quarter results on November 9. Revenue jumped 10.8% to \$834.6 million, and gross profit increased 12.2% to \$138 million. EBITDA attributable to shareholders climbed 8.3% to \$25.8 million and adjusted earnings per share were \$0.50 compared to \$0.38 in Q3 2016.

The stock also offers a dividend of \$0.10 per share, representing a dividend yield of 1.8%.

Magna International Inc. ([TSX:MG](#))([NYSE:MGA](#)) is an Aurora-based automotive supplier. The stock has climbed 15% in 2017 and 28% year over year. Magna International also released its third-quarter results on November 9. The company posted record sales, which climbed 7% in the third quarter to \$9.5 billion. Light vehicle production ramped up by 8% in the European market, while North America dropped 7%. Net income was \$503 million, which was the same amount posted in Q3 2016.

Magna International stock boasts a dividend of \$0.35 per share with a 2% dividend yield. Light vehicle production is trending upward as demand for lower carbon emissions grow. Magna International is a great play going forward.

Canadian Tire Corporation Limited ([TSX:CTC.A](#)) is a Toronto-based retailer. It sells a broad range of products, including hardware, home products, automotive products, and others. Some of its retail operations include clothing retailer Mark's, Canadian Tire Petroleum, and PartSource, an auto parts and accessories retailer. The stock has increased 16.6% in 2017 and 24% year over year. Canadian Tire released its third-quarter results on November 9.

Canadian Tire increased its annual dividend by 38% to \$3.60 per share. Same-store sales rose 3.9% in the quarter and revenue rose 4.8% to \$1.69 billion. It posted retail sales of \$3.7 billion from \$3.52 billion in the same period last year. Net income climbed to \$176.6 million, or \$2.59 per share.

Canadian Tire stock has returned 132% over a five-year period and boasts an attractive dividend.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:ACQ (AutoCanada Inc.)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)
4. TSX:MG (Magna International Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/08/24

Date Created

2017/11/14

Author

aocallaghan

default watermark

default watermark