



The Top 5 Cyclical Stocks to Hold in 2018

Description

With one year coming to an end and another about to begin, investors who choose to re-balance their portfolios around the calendar's year end are about to have a lot to think about. There are many ways to categorize securities. It is important for every investor to have at least a mix of both defensive and cyclical stocks in their portfolios at all time.

For those who need a reminder, a defensive stock is one that will deliver very consistent revenues and earnings during all phases of the economic cycle, whereas cyclical stocks will experience a much greater amount of variability in these metrics. With a number of excellent names to choose from, investors currently have the opportunity to uniquely position themselves into names that are about to bounce significantly higher.

The first name on the list is none other than **AutoCanada Inc.** ([TSX:ACQ](#)), which reported earnings just last week. Shares jumped by 10% on the news that year-over-year numbers were starting to improve significantly. The [company](#), which operates numerous car dealerships across the country, has a very high stake in the fortunes of Alberta with the bulk of its dealerships located in that province. Once the province turns the corner, the share price will be ready to rocket higher.

Canadian Western Bank ([TSX:CWB](#)), an [Alberta-based](#) company also has a very strong footprint in the province with the intention of expanding its business footprint into the eastern part of the country by increasing its business lending. Investors need to remember that when a financial company increases lending, it is a sign of future revenue increases conditional on the high credit quality and character of the borrower.

The third name of the list is **Bird Construction Inc.** ([TSX:BDT](#)), which, at a price of less than \$10 per share, offers investors a dividend yield of almost 4%. Although the company trades near a 52-week high, investors need not forget that shares have historically traded at much higher levels, as the stock market is forward looking and not backward looking. Once things pick up again in the oil sector, there will be no shortage of new infrastructure projects.

After trading under the US\$100 mark for the past few months, **Walt Disney Co** ([NYSE:DIS](#)) has

started to rally and has now reached the US\$105 mark. With the company still offering trips of a lifetime and movie experiences that cannot be duplicated, investors are getting much more than the 1.5% dividend that the company is offering. Investors are essentially buying into a unique operation which cannot be duplicated.

Rounding out the top names is none other than **Harley-Davidson Inc. ([NYSE:HOG](#))**, which is similar to Walt Disney Co in one key way: the company is in the business of making dreams come true. At a current price of less than US\$48 per share, investors will receive a dividend yield of more than 3%, while buying into one of America's most historic brands, as many are enjoying more disposable income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:DIS (The Walt Disney Company)
2. NYSE:HOG (Harley-Davidson, Inc.)
3. TSX:ACQ (AutoCanada Inc.)
4. TSX:BDT (Bird Construction Inc.)
5. TSX:CWB (Canadian Western Bank)

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