



4 Stocks to Watch After an October Retail Report

Description

Statistics Canada released its retail trade report for October 2017 on December 21. Overall retail sales rose 1.5% to \$49.9 billion in October. Sales were up in seven of 11 sub-sectors. Let's take a look at four stocks investors should focus on after this report.

Canadian Tire Corporation Limited ([TSX:CTC.A](#))

Canadian Tire stock has increased 17.9% in 2017 as of close on December 21. Automotive parts, accessories, and tire stores posted 1.2% growth in October, and sales at general merchandise stores were up 1.8%.

Canadian Tire released its third-quarter results on November 9. Retail segment revenue was up 5.5% to \$155.8 million. Income before income taxes was up 4.3% in Q3 to \$100.2 million. The company also declared a quarterly dividend of \$0.90 per share, representing a 2.2% dividend yield.

The broad October retail numbers are a great early sign for Canadian Tire ahead of its fourth-quarter results that should be released in early 2018.

Indigo Books & Music Inc. ([TSX:IDG](#))

Shares of Indigo have climbed 17.6% in a three-month span dating back to September 21. In November, I'd [recommended](#) Indigo as a great option for investors ahead of the holiday season. Indigo will typically see incredibly high activity in the holiday season.

The company released its fiscal 2018 second-quarter results for the three months ending September 30 on November 1. Revenue increased to \$224.5 million compared to \$216.9 million in the prior year. Gross profit also grew to \$99.7 million from \$97.7 million in the second quarter of fiscal 2017. Online operations fueled growth in total comparable sales, which were up 2.8% year over year.

This is a great target to scoop up before it posts its fiscal 2018 third-quarter results that will include numbers from the holiday season.

Shopify Inc. ([TSX:SHOP](#))([NYSE:SHOP](#))

Shopify stock declined 1.13% on December 21. In early December, I'd [discussed](#) whether or not investors should buy into its December dip, as it hovered around the \$120 mark.

Retail e-commerce sales reached \$1.3 billion in the month of October, which made up 2.6% of all retail trade. Retail e-commerce climbed 19.4% year over year. Shopify merchants sold over \$1 billion worth of merchandise during Black Friday and Cyber Monday.

In the third quarter, Shopify saw its revenue jump 72% compared to Q3 2016 and gross profit increase 86%. E-commerce continues to increase its overall share of retail sales, and the holiday season of 2017 should boast new records. Shopify is a buy heading into the new year.

Corby Spirit and Wine Ltd. ([TSX:CSW.A](#))

Corby Spirit and Wine stock rose 1.16% on December 21. Retail sales at beer, wine, and liquor stores increased 3.7% in the month of October. Corby Spirit and Wine, which manufactures and distributes a number of top liquor and spirits brands, released its fiscal 2018 first-quarter results on November 8.

Financial results ending September 30 showed revenue jump 4% in the quarter. Net earnings dropped 9% year over year to \$5.8 million or \$0.21 per share. The company also declared a quarterly dividend of \$0.22 per share, representing a 4% dividend yield.

CATEGORY

1. Investing

TICKERS GLOBAL

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2. TSX:CSW.A (Corby Spirit and Wine Limited)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)
4. TSX:IDG (Indigo Books & Music)
5. TSX:SHOP (Shopify Inc.)

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