



4 Stocks to Watch as Retail Bounces Back

Description

Statistics Canada released its October retail numbers on December 21. Retail trade was up 1.5% in October, as activity picked up heading into the holiday season. Let's look at four stocks that are in interesting positions as we look ahead to the new year.

Aritzia Inc. ([TSX:ATZ](#))

Aritzia is a Vancouver-based women's fashion brand. Shares of Aritzia have declined 28.5% in 2017 as of close on December 22. Retail trade at clothing stores saw an increase of 1.1% from October 2016.

The company released its fiscal 2018 second-quarter results on October 5. Aritzia opened two new stores in Chicago and Toronto in the quarter. Comparable sales increased 5.4% in the quarter, and net revenue jumped 10.2% to \$174 million.

In late October, I'd [suggested Aritzia](#) as a good alternative to the recent **Roots Corp.** IPO. Aritzia has made strides in its e-commerce business, and net income jumped to \$5 million compared to a \$67.3 million loss in the prior year.

Andrew Peller Ltd. ([TSX:ADW.A](#))

Andrew Peller produces, bottles, and markets wine and wine-related products in Canada. Sales at beer, wine, and liquor stores were up 3.7% in October, as shoppers geared up for what is usually a busy holiday season for alcohol brands. Andrew Peller stock has risen 29.9% in 2017.

The company released its fiscal 2018 second-quarter results on November 1. Sales were up 4% quarter over quarter and 2.4% year over year. Andrew Peller credited strong organic growth across trade channels as well as strategic price increases. The company incurred \$0.6 million in professional fees after the acquisition of three estate wineries was completed in October.

The stock boasts a quarterly dividend of \$0.05 per share, representing a 1.2% dividend yield at offering.

Dollarama Inc. ([TSX:DOL](#))

Dollarama stock has climbed 58% in 2017 but has dipped 4% month over month as of close on December 22. Sales at general merchandise stores were up 1.8% in Canada during October. The Montreal-based company released its third-quarter results ending October 29 on December 6.

The company reported comparable store sales growth of 4.6% and added 66 stores year over year. There is some concern among experts and analysts for general and grocery stores heading into 2018 due to Ontario's minimum wage hike. However, Dollarama leadership appears confident that competitors will absorb the increase.

AutoCanada Inc. ([TSX:ACQ](#))

AutoCanada dropped 2.2% on December 22 and has fallen 7.5% month over month. In a recent article, I'd [discussed](#) a number of headwinds facing the auto industry in 2018. However, in October motor vehicle and parts dealers reported a 3.9% increase in new vehicle sales and a 1.7% increase for used car dealers.

In the third quarter, AutoCanada posted a 9.4% increase in new vehicle sales and a 2.9% jump in used vehicle sales. Parts, service, and collision repair revenue was also up 9.7% year over year. The stock also offers a quarterly dividend of \$0.10 per share with a 1.7% dividend yield.

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2. TSX:ADW.A (Andrew Peller Limited)
3. TSX:ATZ (Aritzia Inc.)
4. TSX:DOL (Dollarama Inc.)

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