# Should You Buy the Dip in These 2 Aerospace Stocks?

## Description

The Canadian aerospace sector waded through an eventful 2017. **Bombardier, Inc.** and **Boeing Co.** began a bitter trade dispute that saw European multinational Airbus acquire a majority stake in Bombardier's CSeries jets. However, on January 26, Bombardier won in a ruling against the 292% duties imposed on it by the United States Department of Commerce. The U.S. International Trade Commission stated in its ruling that the Bombardier CSeries aircraft "do not injure U.S. industry."



The Trump administration also appears to be warming to the prospects for NAFTA going forward. At the World Economic Forum (WEF) in Davos, Switzerland, President Trump even hinted at the possibility that the Trans-Pacific Partnership (TPP) could be reworked, an enormous turnaround from his hostile position in early 2017.

Reports from inside the White House indicate that Trump has become apprehensive about scrapping NAFTA and implementing protectionist policy for fear that it may disrupt the historic U.S. stock market run.

Let's look at two top aerospace stocks that have dipped to start 2018.

**Maxar Technologies Ltd.** (TSX:MAXR)(NYSE:MAXR) is a San Francisco-based communications and information company that was formerly headquartered in Vancouver, British Columbia. The company was formerly MacDonald, Dettwiler, and Associates Ltd. before relocating, renaming, and being listed on the New York Stock Exchange (NYSE) in addition to the Toronto Stock Exchange (TSX).

Maxar stock has dropped 3.3% in 2018 as of close on January 25. Shares have increased 9.7% year over year. Fool contributor Joey Frenette chose Maxar as his top stock in December. The company released its 2017 third-quarter results on November 2, 2017.

Maxar reported consolidated revenues of $421.3 million and net earnings of $14.9 million, or $0.41 per share. On October 5, 2017, Maxar completed its merger with DigitalGlobe, Inc., a vendor of space imagery and geospatial content. Its financial results were not included in the most recent third-quarter report. Maxar also announced a dividend of $0.37 per share, representing a 1.9% dividend yield.

**Magellan Aerospace Corp.** (TSX:MAL) is a Mississauga-based manufacturer of aerospace systems and components. The stock has fallen 0.81% in 2018 as of close on January 26. I'd recently focused on Magellan as one of my top growth stocks to consider in January.

In the third quarter, Magellan reported that the net income and gross profit climbed 2.7% and 6.4%, respectively. Total revenues were down 2.3% to $232.6 million. Canadian revenues rose 3% to $77 million. The company also announced a dividend of $0.09 per share with a 1.6% dividend yield.

On January 22, Magellan announced that it delivered the first of three Power Control Units (PCU) for an upcoming space mission. The PCUs provide power distribution and control. The company will also supply C&DH subsystems that provide control processing, command decoding and processing, and several other functions.

Both Maxar and Magellan come cheap after a difficult opening to 2018. Investors should expect resolutions between Canada and the U.S. on trade this year, which should ease anxiety. Maxar and Magellan also offer solid dividend payments going forward.

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