



Buy the Dip? 3 Stocks to Watch as the Stock Market Plunges

Description

This January was the worst for the S&P/TSX Index since 2010. The start to February has not been very encouraging, and the TSX has seen almost all of its 2017 gains eliminated as of close on February 5. The International Monetary Fund (IMF) [boosted its projections](#) for Canadian growth in 2018 and 2019, and Statistics Canada recently released impressive jobs numbers for December.

There is reason for optimism going forward, and investors should be thinking about opportunities to scoop up potentially oversold assets during this period. It is also important to prepare for volatility going forward, as we reflect on a historically long bull market. Below are four stocks that are trending up in 2018, even in light of the recent decline.

Magna International Inc. ([TSX:MG](#))([NYSE:MGA](#))

Magna is an auto parts supplier. Magna stock dropped 2.96% on February 5 and has declined 7.9% in 2018. The company had a very solid 2017 and is [hedged quite nicely](#) against any blow-back from a NAFTA rearrangement.

Statistics Canada reported a 14.3% increase in vehicle manufacturing activity for November 2017. There was an 8.7% rise in motor vehicle parts manufacturing. Magna expects light vehicle production in North America to reach 17.4 million in 2018, and it also projects it will earn between \$2.3 and \$2.8 billion over the course of the year. The stock also offers a 2.1% dividend yield.

Liquor Stores N.A. Ltd. (TSX:LIQ)

Liquor Stores rose 2.05% on February 5. Shares spiked after reports revealed that **Aurora Cannabis Inc.**, the largest cannabis producer in Canada, purchased a 19.9% stake in the company for \$103.5 million. Aurora will have the opportunity to increase its stake to 40% at a later date.

Alberta will allow private retailers to sell recreational cannabis, which is due for legalization in July 2018. This will provide Aurora access to over 230 retail locations in western Canada. Liquor Stores plans to convert some stores into cannabis retail outlets in the near future. Investors worried about an economic downturn can also take solace in the robustness of the beer, wine, and spirits industry.

The stock also offers a dividend of \$0.09 per share, representing a 3% dividend yield. In the third quarter of 2017, Liquor Stores saw sales dip in its U.S. and Canadian markets. The infusion of activity from cannabis retail could serve as a huge boost in 2018 and beyond.

Alimentation Couche-Tard Inc. (TSX:ATD.B)

Alimentation is a Laval-based company that operates convenience stores around the world. Shares of Alimentation have declined 6% in 2018 thus far. Convenience stores are also notably resilient in periods of economic turmoil.

Alimentation released its fiscal 2018 second-quarter results on November 28. It posted net earnings of \$435.3 million, or \$0.76 per share, in comparison to \$321.5 million, or \$0.57 per share, in the prior year. Total merchandise and services revenue jumped 23.4% to \$3.1 billion. Alimentation last delivered a modest quarterly dividend of \$0.09 per share, representing a 0.6% dividend yield.

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