3 Stocks to Watch as Interest Rate Hikes Come Into Focus

Description

A recent report from Statistics Canada estimated that Ontario lost 51,000 jobs in January. Some experts and analysts attributed this to the minimum wage hike up to $14. The Bank of Canada had released a research note in early January that projected as many as 136,000 jobs could be lost as a result of the hike. Most of the losses were in part-time positions — 59,300 — with Quebec also losing 31,000.

It is important to note that the Statistics Canada labour force survey polls a little over 50,000 Canadians and has a significant margin of error. In any case, the jobs report comes amid a swoon in the Canadian stock market that may give the Bank of Canada pause in hiking interest rates in the spring. A note from **Bank of Montreal** projected that the central bank could hold off in March and April with the release of the worst jobs data since January 2009.

Inflation slowed to below 2% in December after inflation jumped to 2.1% in November. Economists also expect the Canadian economy to decelerate in 2018 and 2019 in comparison to the torrid pace set in 2017. If the Bank of Canada does elect to slow its rate-tightening ambitions, income generators like Canadian utilities, telecom, and real estate could benefit in the short term.

BCE Inc. (TSX:BCE)(NYSE:BCE)

BCE is a Verdun-based telecommunications company. BCE stock has dropped 7.2% in 2018 as of close on February 13. The company released its 2017 fourth-quarter and full-year results on February 8.

BCE posted adjusted net earnings of $684 million, which represented a 2.5% increase year over year. It reported 234,728 total net broadband customer additions, which was up 40% from Q4 2016. For the full year, adjusted EBITDA grew 4.4% from 2016. BCE hiked its annual dividend by 5.2% to $3.02 per share, representing a 5.4% dividend yield.

Hydro One Ltd. (TSX:H)

Hydro One is a Toronto-based utility company that serves Ontario. Shares of Hydro One have declined

8.5% in 2018. The company released its 2017 fourth-quarter and full-year results on February 13. The stock inched up 0.54% on the positive news.

Hydro One reported that its drive to improve its management and efficiency resulted in $89.5 million in savings in 2017. The company posted earnings per share of $0.26 compared to $0.22 in the previous year. Net income attributable to common shareholders grew to $155 million in Q4 2017 compared to $128 million in Q4 2016. Hydro One also declared a quarterly dividend of $0.22 per share, representing a 4.3% dividend yield.

Equitable Group Inc. (TSX:EQB)

Equitable Group is one of the top alternative lenders in Canada. Shares of Equitable Group have dropped 12.5% in 2018, as investors have grown anxious over new mortgage rules and rising interest rates. Home sales have fallen steeply in the Greater Toronto Area in January, seemingly confirming the fears of experts and analysts in the lead up to the new year. The stock still offers a quarterly dividend of $0.25 per share with a 1.6% dividend yield. Industry experts are projecting the real estate market to stabilize in the second half of 2018, which could make Equitable Group a reasonable buy-low candidate.

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