The Canadian Dollar Is Being Tested: Look to These 3 Dividend Stocks

Description

The Canadian dollar rose after a report from the U.S. Energy Information Administration (EIA) revealed lower inventories for the week ending February 9. In spite of this, the Canadian dollar will be facing some challenges in the coming months, as analysts anticipate that the U.S. will accelerate its interest rate tightening. Officials in the Trump administration have advocated for a lower U.S. dollar in recent interviews.

The U.S. consumer price index beat estimates for the month of January, rising 0.5% as apparel costs rose the most in almost three decades. The yield on the 10-year U.S. Treasuries rose to 2.86%, which put downward pressure on U.S. stocks to start the trading day on February 14. Rising yields and wages are bringing back volatility to the U.S. stock market and virtually guaranteeing a Federal Reserve hike in March. Analysts are projecting four more rate hikes after that.

The improving economic environment in the U.S. combined with weakening inflation in Canada in December at 1.9% and the worst jobs report since 2009 in January should push the U.S. greenback higher and put pressure on the Canadian dollar.

Today, we will take a look at three dividend-yielding stocks that could benefit in this environment.

Canadian National Railway Company (TSX:CNR)(NYSE:CNI)

Canadian National Railway is a Montreal-based rail and transportation company. The stock has declined 7% in 2018 as of close on February 14. The company released its 2017 fourth-quarter and full-year results on January 23.

Canadian National Railway posted an impressive fourth quarter, but positive revenues were negatively impacted by a stronger Canadian dollar. Net income jumped 156% to $2.61 billion in Q4 2017, and revenues climbed 2% to $3.28 billion. For the full-year net income rose 51% to $5.48 billion, and revenues increased 8% to $13 billion. The company also hiked its quarterly dividend by 10% to $0.46 per share, representing a 1.9% dividend yield.

Stella-Jones Inc. (TSX:SJ)

Stella-Jones is a Quebec-based manufacturer of treated wood products, including railway ties, utility poles, and residential lumber, along with other products. Stella-Jones stock has dropped 4.3% in 2018 thus far. Over 80% of its treated wood products are shipped south of the border, and it often sees a boost with a lower Canadian dollar.

The company is expected to release its 2017 fourth-quarter and full-year results in early March. In the third quarter, it posted sales growth of 1% to $517.6 million and reported that cash flows increased by $47.8 million year over year. Stella-Jones declared a quarterly dividend of $0.11 per share, representing a 0.9% dividend yield.

CCL Industries Inc. (TSX:CCL.B)

CCL Industries is an Ontario-based manufacturer and seller of packaging and packaging-related products. CCL Industries stock has declined 3.8% in 2018 so far. The company focuses much of its sales growth in countries with dollar values higher than the loonie. In Q3 2017 over 50% of its sales were forex related. The company is expected to release its fourth-quarter and full-year results on February 22.

In the third quarter, its sales climbed 10.8% and operating income jumped 20.3%. The company also delivered a dividend of $0.12 per share with a 0.8% dividend yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CCL.B (CCL Industries)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:SJ (Stella-Jones Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/20
Date Created

2018/02/17
Author
aocallaghan