My Top 5 TSX Stocks to Buy in March

Description

The S&P/TSX Index rose 42 points on March 13. The Canadian dollar fell to $0.77 on the same day after comments from Bank of Canada governor Stephen Poloz appeared to signal a dovish turn regarding interest rate hikes in 2018. Interest rate markets project roughly two more rate hikes from the Bank of Canada in 2018.

The Bank of Canada has reiterated its confidence in the economy this year. Canada's economy is expected to post 2.3% growth according to the latest estimates from the International Monetary Fund. With this in mind, let's take a look at five stocks that may be a bargain today.

Tucows Inc. (TSX:TC)(NASDAQ:TCX)

Tucows is a Toronto-based internet content solutions company and the second-largest domain registrar in the world. Shares of Tucows have plunged 13% in 2018 as of close on March 13. Its strong fourth-quarter and full-year growth in 2017 should entice investors after the stock fell victim to a short seller in early January. Net income in the fourth quarter rose to $11.2 million from $2.8 million in the prior year, and adjusted EBITDA surged 108% to $15.3 million.

Dollarama Inc. (TSX:DOL)

Dollarama stock has dropped 4.7% in 2018 thus far. Shares are up 47.6% year over year, as Dollarama has posted successive earnings beats. The company is expected to release its 2017 fourth-quarter and full-year results in the final week of March. Retail sales were slower than expected in December 2017, but the robust dollar store retailer is a good bet to buck the trend when it releases its numbers at the end of the month. It is an attractive buy-low candidate right now.

Manulife Financial Corp. (TSX:MFC)(NYSE:MFC)

Manulife is a Toronto-based financial services company. Manulife stock has dropped 7.9% in 2018.The company has a significant footprint in the United States and overseas, so it could benefit from alower Canadian dollar going forward. Insurance sales fell 31% in Canada in the fourth quarter of 2017,but sales in Asia were up 7%. Manulife also hiked its quarterly dividend by 7% to $0.22 per share.

Stelco Holdings Inc. (TSX:STLC)

Stelco was stuck in the news last week, as the Trump administration stirred anxiety for Canadian steel before announcing exemptions for key allies. It is good news for Stelco, a Hamilton-based steel company that has seen its stock roar since its November 2017 initial public offering. Shares are also up 13.2% in 2018 so far. In the fourth quarter, revenue jumped 45% to $452 million, and adjusted EBITDA climbed 245% to $69 million. The company also announced a quarterly dividend of $0.10 per share.

Aphria Inc. (TSX:APH)

Aphria has been battered along with the broader Canadian cannabis market to start 2018. Shares are down 23.8% as of close on March 13. However, there are good reasons to buy the dip in the lead up to recreational legalization in the summer.

On March 13, Aphria announced that a licence amendment from Health Canada would provide the company with an additional 200,000 square feet of production space. This move will more than triple Aphria’s production capacity from 9,000 kg per year to 30,000 kg per year. Priced at $14.25 as of close on March 13, Aphria remains one of the cheaper options of the big four Canadian cannabis producers.

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