Economic Growth Could Propel These 4 Dividend Stocks

Description

Retail sales have traditionally been viewed as an activity that is reliant upon strong economic growth and thus will perform better as productivity improves. Trends in retail also give investors a look at consumer spending, which is a key indicator in a healthy modern economy. Canadian economic growth impressed in 2017, but the final month of the year was a surprisingly off one for retail sales.

Canadian economic growth is expected to slow from its impressive pace in 2017. However, the International Monetary Fund (IMF) has projected GDP growth of 2.3% for Canada in 2018, which would still be in line with Germany as the second-fastest growing economy in the G7 this year.

Today, we will look at four retail stocks that boast solid dividends. Investors may want to bet on strong economic growth by adding some of these companies in March.

Canadian Tire Corporation Limited (TSX:CTC.A)

Canadian Tire is a Toronto-based retailer that sells home goods, apparel, and many other products. Shares of Canadian Tire have climbed 10.3% in 2018 as of close on March 15. The company released its 2017 fourth-quarter and full-year results on February 15.

Canadian Tire reported consolidated same-store sales growth of 3.9% in the fourth quarter, with Canadian Tire, Mark's, and FGL rising 3.5%, 3.4%, and 5.8%, respectively. Consolidated retail sales rose 4.2% from 2016 to $610.1 million. Canadian Tire also declared a dividend of $0.90 per share, representing a 1.1% dividend yield.

Gildan Activewear Inc. (TSX:GIL)(NYSE:GIL)

Gildan is a Montreal-based apparel manufacturer. Gildan stock has dropped 6.9% in 2018 thus far. The company released its 2017 fourth-quarter and full-year results on February 22.

Net sales rose 11.2% from Q4 2016 on the strength of its Printwear. The company acquired American Apparel in 2017, which bolstered the Printwear segment. Sales climbed 6.4% from 2016 to $2.75 billion for the year. Gildan also hiked its quarterly dividend by 20% in 2017 to $0.112 per share, representing a 1.3% dividend yield.

Reitmans (Canada) Limited (TSX:RET)

Reitmans is a Toronto-based apparel retailer. Shares are down 3.1% in 2018 so far. The company released December sales on January 4. Same-store sales climbed 0.9% with stores falling 2.1% and e-commerce sales surging 20.9% in the final month of 2017. On March 1, Reitmans announced plans to close all of its 17 HYBA stores by the end of the current fiscal year. HYBA retail sales make up less than 2% of the total for the company. Reitmans last announced an annual dividend of $0.15 per share, representing a 5% dividend yield.

Dollarama Inc. (TSX:DOL) stock has dropped 1.5% in 2018 as of close on March 15. Dollarama is expected to release its 2017 fourth-quarter and full-year results in the final week of March. In the third quarter, sales rose 9.7% to $810.6 million, and the company expects to open 60-70 new stores in fiscal 2019. Dollarama also offers a modest dividend of $0.11 per share with a 0.3% dividend yield. It remains an attractive buy-low candidate ahead of its Q4 earnings.

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2. TSX:CTC.A (Canadian Tire Corporation, Limited)
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