# 2 Appetizing Ways to Consume Food Stocks This Summer

## Description

The food supply chain is fairly long and complex, with investment opportunities at every stage along the way. At one end you have the commodity suppliers, such as farms and mines (such as mineral miners); at the other you have food retail, where consumable products meet their end users either on shelves or on plates in restaurants. In the middle, you have everything from processors to suppliers and haulage companies. So while food is recession-proof and well worth investing in, there are smart and not-so smart places to jump in along its supply chain.



No matter what happens to the economy, people need to eat. Food retail is therefore among the more stable retail stock choices in an uncertain economy, while food production offers a smart commodity stock. But which is the safest way to invest in a potentially volatile economy? Let's take a look at two distinct food supply chain investment strategies.

**This food retail stock is a staple diet of investors…**

**Loblaw Companies Ltd.** (TSX:L) is a food retail stock that has remained a favourite of investors. As well as being a dividend stock with a current 1.7% yield, Loblaw also has a smart management strategy and huge high street presence. It's also fully capable of contending with the likes of **Amazon.com, Inc**. as it enters the online retail market.

To expand on the latter, Loblaw has recently partnered with Instacart Inc., Amazon's biggest competitor for online groceries. This will allow Loblaw customers to order their shopping online for collection and delivery by Instacart. What's really smart about this is that deliveries will be drawn from Loblaw's stores themselves, meaning that Loblaw doesn't have to waste precious time building a distribution centre.

Loblaw is also expanding its click-and-collect initiative in an effort to make buying from them as easy as possible. As owner of Shoppers Drug Mart Corporation, Loblaw is also well diversified, and the biggest retailer in Canada. As if that's not enough to get you salivating, it has also hiked its per-share quarterly dividend from 27 cents to 29.5.

**… while this processor and supplier may offer a tasty value opportunity**

Heading up stock choices among food suppliers and processors is the possible value opportunity offered by **Maple Leaf Foods Inc.** (TSX:MFI). Maple Leaf has seen its share price dip almost 19% this year, a nosedive made steeper by the company's record success last year. But before you get too excited, let's comb through this offering briefly and look for stability.

There are two ways to look at this drop in share price: it's either normalization or it's a genuine decline. Looking at its share price over the last five years, it's most likely normalization, which is reassuring to potential investors. Its current dividend yield sits at about 1.5%, which makes Maple Leaf a mouth-watering dividend stock. It's also well positioned to benefit from trade with China, depending on how the U.S.-China trade war impacts the pork market. Watch the news before you buy, but the outlook is potentially lucrative.

Add in Maple Leaf's canny acquisition of meat-free protein producer Lightlife Foods and you have a moderately diversified food supplier for your portfolio.

**The bottom line**

If you like the look of the food supply chain as a source of income, the value offered by Maple Leaf is an appetizing option. There are many other food suppliers and processors out there, so do shop around before you buy. Loblaw is a safe bet if you're looking for dividend growth and a stock you can buy and hold. Or you can go for the meal option and buy both. Either way, investing in food production and/or food retail is a smart way to diversify your portfolio this summer.



**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. TSX:L (Loblaw Companies Limited)
2. TSX:MFI (Maple Leaf Foods Inc.)

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