These 5 Consumer Staples Stocks Offer Solid Potential for Dividend Investors

Description

Back in April, I wrote an article ("Avoid This Sector Until Further Notice!") that warned of weakness that was taking place among the consumer staples sector.

However, the tide now appears to be turning in the favour of the packaged goods industry following a one-month gain of 3.9% during June in the **Consumer Staples Select Sect. SPDR** (NYSEARCA:XLP) ETF, an exchange-traded-fund designed to track the performance of companies in the sector.

In addition to what looks like a recovery of an oversold position that has been overhanging the sector for a little while now, consumer staples stocks have also historically tended to perform better in the summer months.

If those two trends turn to out to be accurate, it may make sense to consider adding a position in one or two of these leading names.

Procter & Gamble Co. (NYSE:PG) is about as much of a household name as it gets. The company owns the rights to brands like Bounty, Dawn, and Downy, among countless other names that are probably somewhere in your home.

P&G gets a good chunk of its business from markets outside the U.S., and as the U.S. dollar has strengthened in recent weeks, that means that when the company repatriates its international profits back to its home market, they are worth as much once they're translated into U.S. dollars.

But over time, foreign exchange markets have a habit of mean-reverting, so investors are probably better off to not get too caught up in that type of thing.

Meanwhile, the P&G shares yield 3.68%.

Kraft Heinz Co. (NASDAQ:KHC) is another company that has been around a long time. Kraft Heinz is controlled by private equity firm 3G Capital, which also owns **Restaurant Brands International Inc.** (TSX:QSR)(NYSE:QSR), the parent company of Tim Hortons.

3G has earned itself a bit of a reputation for being aggressive in shedding what it views to be excess expenses from a company's cost structure. While that can, at times, be frustrating for a company's employees, it can also be quite rewarding for a company's shareholders.

Kraft Heinz shares yielded 3.98% entering this week's trading.

Not a packaged foods maker like the first two companies, **Metro, Inc.** (TSX:MRU) owns one of the country's largest supermarket chains. Metro shares have risen more than four-fold since 2010, as grocers in Canada have performed well in the markets.

While the company's dividend yield of 1.61% doesn't compare to the rest of the companies on this list, the stock does have quite a bit of momentum behind it.

CVS Health Corp. (NYSE:CVS) owns a leading chain of drug stores in the United States, and last year the company announced its plans to acquire **Aetna Inc.** (NYSE:AET), one of the country's leading health insurance providers, in an attempt to round out its offering and become more of a one-stop healthcare services provider.

CVS shares presently trade near their five-year lows, making this one a chance to "buy on the dip."

Molson Coors Canada Inc. (TSX:TPX.B)(NYSE:TAP) fell victim to a softer North American beer market when it reported first-quarter earnings earlier this spring.

However, recent reports have suggested that the company may be looking to make a strategic investment in the Canadian cannabis market, which could be critical to providing a lift to the company's sales.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NASDAQ:KHC (Kraft Heinz Intermediate Corporation II)
2. NYSE:CVS (CVS Health)
3. NYSE:PG (The Procter & Gamble Company)
4. NYSE:QSR (Restaurant Brands International Inc.)
5. NYSE:TAP (Molson Coors Beverage Company)
6. TSX:MRU (Metro Inc.)
7. TSX:QSR (Restaurant Brands International Inc.)
8. TSX:TPX.B (Molson Coors Canada Inc.)

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