

2 Dividend Stocks to Snag Amid Trade Chaos

Description

[NAFTA negotiations](#) between the United States, Canada, and Mexico have been in limbo since the controversial imposition of steel and aluminum tariffs from the White House in June. This appeared to signal the next stage in the process after talks had fallen apart in May. One of the key sticking points has been auto content. Both Canada and Mexico have been unwilling to bend to U.S. demands — and now the threat of [auto tariffs looms](#) over the continent.

Today we'll look at two stocks that could be impacted by the negotiations and broader global trade war in the coming months. Should investors hold either in their portfolios as we gear up for the latter months of 2018? Let's dive in.

Saputo Inc. ([TSX:SAP](#))

Saputo is a Montreal-based dairy processor and cheese producer. It is the largest cheese manufacturer in Canada and one of the three largest producers in the United States. Shares of Saputo were down 4.6% in 2018 as of close on July 25.

Saputo released its annual results for fiscal 2018 on June 7. Revenues rose 3.4% to \$11.54 billion, while adjusted net earnings fell 3.7% from the prior year to \$704.2 million. Saputo reported higher sales volumes in all of its sectors while foreign exchange fluctuations had a negative impact overall. The stock also offers a quarterly dividend of \$0.16 per share representing a 1.5% dividend yield.

The fate of supply management has been a controversial topic over the course of negotiations. President Trump has personally criticized the policy on a number of occasions, which has also been a source of ferocious debate in Canadian ruling circles. Conservative MP Maxime Bernier was expelled from his role as Tory shadow cabinet innovation critic after he published a chapter from his book calling the policy into question.

Saputo leadership has been open to the scuttling of supply management, welcoming the competition it could bring. The company has said that it could narrow its moat, but would provide greater growth opportunity going forward. The debate appears to be moot for the time being, as both major Canadian parties have been vociferously opposed to scrapping the policy even under intense U.S. pressure.

Maple Leaf Foods Inc. ([TSX:MFI](#))

Maple Leaf Foods stock was down 9.3% as of close on July 25. The company is relatively safe from blowback from NAFTA negotiations, but the ongoing trade war between China and the United States could impact its future.

Pork producers in the U.S. face a crisis with tariffs from China and Mexico on pork products. China is the largest consumer of pork in the world. Any significant movement on this front will likely take place in the long term with negotiations between China and the United States still ongoing. Recent progress

has not been encouraging for those hoping for concessions on either side.

As of this writing, Maple Leaf has yet to release its second-quarter results on the afternoon of July 26. The stock currently boasts a quarterly dividend of \$0.13 per share representing a 1.4% dividend yield.

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aocallaghan

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