



2 Dividend Stocks to Scoop Up in August

Description

The **S&P/TSX Composite Index** climbed 88 points on July 31. Stocks rose on the back of 0.5% GDP expansion in the month of May, which beat most estimates. This growth was powered by higher oil and gas prices, which boosted Canadian energy giants.

The report represented a positive diversion after it was revealed that Canada would not be present at NAFTA talks between the United States and Mexico. Canadian officials have said that the country is still very much part of ongoing negotiations but the exclusion is a worrying sign. Some reports suggest that the Trump administration is seeking concessions before productive talks can proceed.

Today we'll look at two dividend stocks that have dropped in value due to external and internal factors. Both are in a position to overcome these hurdles in the months to come and both still boast good value for those on the hunt for income. Let's take a look.

Magna International Inc. ([TSX:MG](#))([NYSE:MGA](#))

Magna International stock has climbed 10% in 2018 as of close on July 31, but the stock has faced downward pressure since reaching an all-time high of \$87.12 in mid-June. This volatility has occurred in spite of Magna posting record quarterly sales of \$10.79 billion in the first quarter as well as record diluted earnings per share of \$1.83. It is set to release its second-quarter results on August 8.

Shares of Magna have experienced a short bout of volatility with the Trump administration threatening auto tariffs on Canada and other key allies. Economists and analysts have warned that these measures could [plunge Canada into a recession](#) and severely hinder global growth. Magna, the largest automotive parts manufacturer in Canada, would obviously be hit hard by such a measure.

The Trump administration did not waver on this threat in July, but meetings between the U.S. and Europe have shown that the White House can quickly shift course through successful diplomacy. Another important point is the footprint Magna possesses in the United States; with about half of its operations south of the border, it should be able to sidestep fallout in the near term.

Laurentian Bank of Canada ([TSX:LB](#))

Laurentian Bank stock has plunged 17.5% in 2018 so far. The stock has dropped 13.9% year over year. Back in June, I'd discussed why I still thought Laurentian Bank came in at [good value](#).

The internal crisis over client misrepresentations on nearly \$400 worth of mortgages has damaged investor sentiment. This was an inopportune time given the ongoing volatility in the Canadian housing sector. However, in late May, the bank said that it had resolved issues relating to these mortgage loans. Laurentian is also fortunate to operate primarily in the region of Quebec, which has seen a stable housing market compared to the major metropolitan areas in Ontario and British Columbia.

Laurentian Bank is set to release its third-quarter results in late August. In the second quarter, the bank posted net earnings of \$55.9 million compared to \$40.3 million in the prior year. The stock also boasts a quarterly dividend of \$0.63 per share, representing a 5.4% dividend yield.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:LB (Laurentian Bank of Canada)
3. TSX:MG (Magna International Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/08/25

Date Created

2018/08/01

Author

aocallaghan

default watermark