3 Oversold Dividend Stocks to Buy in August

Description

Editor's Note: *The following has been added to the Corus Entertainment section (as of 8/15/2018), "This won't last long, though, as Corus has revised its dividend policy. As of September 1, 2018, it will pay a reduced dividend at $0.06 per month."*

Back in May, Macquarie Capital Markets warned that the Canadian housing market had the potential to plunge the country into a recession. The company highlighted the economic ties to construction, finance, insurance, and real estate that came under the housing umbrella. Others have warned that a recession could come from other danger areas.

Scotiabank Economics released a report last month that warned auto tariffs threatened by U.S. president Donald Trump could also trigger a downturn. The tariffs and retaliatory measures that would follow could potentially drag Canada into a recession by the second half of 2019 or early 2020, according to the report.

For investors who are of the mind to prepare for the worst, or at least brace for slower growth in the coming years, here are three dividend stocks to consider adding in August. All three are in industries that can be considered "recession-proof," or more robust in periods of an economic slowdown.

Cineplex (TSX:CGX)

Cineplex stock had plunged 22.8% in 2018 as of close on August 1. The stock has struggled as attendance has steadily dropped at its venues over the past several years. The traditional cinema industry is facing a serious challenge from the rise of streaming services that are encouraging consumers, particularly in younger demographics, to stay at home.

Although these numbers have been disappointing, Cineplex has moved to diversify its business through the launch of its entertainment complexes known as The Rec Room. These are expected to provide additional income going forward. The movie business has long been touted as recession-proof. In some respects, this is an overstatement, as recent history has shown that the movie business was also harmed by the financial crisis.

As of August 1, Cineplex boasts a quarterly dividend of $0.145 per share, which represents a 5.9% dividend yield.

Andrew Peller (TSX:ADW.A)

Andrew Peller stock was down 8.3% over a three-month period as of close on August 1. Shares were still up over 5% for 2018 and climbed nearly 50% year over year. The alcohol beverage industry has also proven to be robust during periods of economic slowdown. The wine industry has performed especially well in the aftermath of the financial crisis, and wine has overtaken beer as the preferred beverage among younger demographics.

Andrew Peller stock offers a quarterly dividend of $0.0513 per share, representing a modest 0.3% dividend yield.

Corus Entertainment (TSX:CJR.B)

Corus Entertainment is a Toronto-based media and content company. In early July, I'd discussed why Corus is a conundrum for income investors. The stock boasts an absolutely monster monthly dividend of $0.095 per share, which currently represents a 25% dividend yield. This won't last long, though, as Corus has revised its dividend policy. As of September 1, 2018, it will pay a reduced dividend at $0.06 per month. On top of this, the company has suffered from declining revenues, and traditional television is also under pressure due to the rise of streaming and online alternatives.

Corus stock had plunged over 60% as of close on August 1. Its huge dividend may be too enticing to pass up for investors on the hunt for income.

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2. TSX:CGX (Cineplex Inc.)
3. TSX:CJR.B (Corus Entertainment Inc.)

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Date

2025/08/26
Date Created
2018/08/04
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