



These 2 Dividend Stocks Could Be a Bargain Right Now

Description

Steel and aluminum tariffs imposed by the Trump administration have shaken global politics. The United States imposed steel tariffs of 25% in June after NAFTA talks soured in May. This roiled the TSX in the short term, but many companies remained confident that this was a storm that could be weathered.

On August 10, the White House announced that it would increase steel and aluminum tariffs on Turkey to 50% and 20%, respectively. This exacerbated the crisis for the Turkish currency and has escalated a diplomatic feud that has emerged between the two countries. Analysts and economists have warned that the Turkish lira crisis could threaten the global economy in the near term. European banks hold billions in Turkish debt, and there are political ramifications that could impact the Middle East going forward.

This is a concern for investors, but the domestic situation may be getting brighter. There are indications that NAFTA talks are improving. [A deal struck before the U.S. midterms](#) in November would likely see the Trump administration scuttle the recently imposed steel and aluminum tariffs.

Today, we are going to look at two metals stocks that could gather momentum depending on how NAFTA talks shake out in the coming weeks and months. Both companies boast strong fundamentals and income for investors to feast on. Let's take a look.

Stelco Holdings ([TSX:STLC](#))

Stelco stock has slipped in the midst of a sell-off that began on the TSX in the second week of August. The stock has contended with volatility due to trade tensions in 2018, but shares are still mostly flat for the year. Stelco leadership has remained confident that it can survive steel tariffs, as the vast majority of its sales are domestic. However, the company has warned that potential auto tariffs could be damaging, as it has pinned its growth strategy on expansion in the automotive sector.

Stelco released its second-quarter results on July 31. Revenue jumped 67% year over year to \$711 million, and adjusted EBITDA soared 130% to \$175 million. Stelco announced a special cash dividend of \$1.69 per share in addition to its quarterly dividend of \$0.10 per share.

Russel Metals ([TSX:RUS](#))(NYSE:RUS)

Russel Metals has also taken a hit due to the global sell-off that impacted the TSX. In early June, I'd discussed why Russel Metals was a [buy-low opportunity](#) in spite of steel tariffs. The company released its best quarterly results in a decade on August 9.

Revenues climbed to \$978 million in the second quarter compared to \$817 million in the prior year. Net income doubled up from \$33 million in Q2 2017 to \$66 million, while earnings per share rose to \$1.07 from \$0.52. As I'd discussed in the aforementioned article, Russel Metals did indeed benefit from increases in selling prices that boosted margins. The company was also powered by improved economic activity in North America.

The board of directors also approved a quarterly dividend of \$0.38 per share, representing an attractive 5.2% dividend yield.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:RUS (Russel Metals)
2. TSX:STLC (Stelco Holdings Inc.)

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