3 Stocks to Hold in a Choppy Market

Description

The S&P/TSX Composite Index has struggled out of the gate in September. Intense trade negotiations between the United States and Canada have weighed on financials in the face of a fantastic third-quarter earnings season for Canada's top banks. Oil price volatility has also led to weakness for the energy-heavy index.

Fortunately, there has been some positive news over the course of negotiations. Canada appears willing to make concessions to allow U.S. entry into the domestic dairy market. Several sticky issues remain, but it is a good development for investors as the October 1st deadline looms.

Investors should remain cautious, even as recent reports inspire optimism. Today, we are going to look at three stocks to target that are attractive holds in a choppy market.

Dollarama (TSX:DOL)

Dollarama stock had surged 11.5% as of close on September 12. Shares were still in slight negative territory for 2018. Back in June, I'd discussed why Dollarama and, more broadly, dollar stores were great investments in the post-recessions years and have proven durable in a precarious time for retail.

Shares have spiked in anticipation for its second-quarter earnings release. As of this writing, the report has not yet been released, as it is slated for Thursday, September 13. In any case, Dollarama is an attractive hold during this period and has proven to be a premier growth stock in recent years.

Cineplex (TSX:CGX)

Cineplex stock was also up 13.7% over the past month as of close on September 12. However, shares were still down double digits for the year. The company released its second-quarter results on August 10.

Superior box office numbers across North America translated to a positive quarter for Cineplex. This comes after CEO Ellis Jacob called recent struggles a "blip" that were largely due to a historically weak 2017 summer box office season. Attendance rose 5% year over year in the second quarter to 17.3

million at Cineplex locations. Box office revenues per patron and concession revenues per patron climbed 4.4% and 9.3%, respectively. The movie business has proven robust during difficult economic times in the past.

Total revenues ultimately increased 12.4% year over year to $409.1 million. The board of directors also announced a 3.6% increase to its monthly dividend to $0.145 per share. This represents an attractive 5.1% dividend yield.

Andrew Peller (TSX:ADW.A)

Andrew Peller is an Ontario-based wine-producing company. Shares were up 10.7% in 2018 as of close on September 12. The alcohol industry has not found it difficult to survive in past downturns. More notable is the post-recession performance of the wine industry in particular, which has become the most preferred alcoholic beverage among millennials in North America.

Andrew Peller released its fiscal 2019 first-quarter results on August 8. Recent acquisitions powered a 7.8% year-over-year increase in sales and adjusted EBITDA rose 24.1% to $15.8 million. Adjusted earnings climbed to $9.7 million over $8.2 million in the prior year. The board of directors also approved an annual dividend increase to $0.2050 per share from $0.1800 per share.

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2. TSX:CGX (Cineplex Inc.)
3. TSX:DOL (Dollarama Inc.)

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