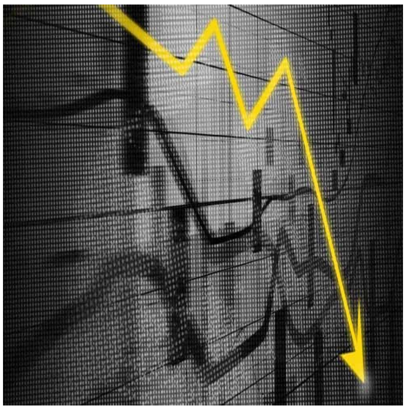

Amid Market Volatility, Which of These Stocks Help You Survive?

Description

There really is nowhere to hide in these crazy markets. So, why not try retreating under the sea, where life is much calmer? A number of companies make their money on these delicious underwater creatures, providing a much-needed product for the masses. After all, everyone needs to eat, so why not participate in an industry that provides such a basic resource?

Traditionally, food companies offer necessary consumer staple products to the public and therefore have much more stable earnings profiles than more volatile, high-flying stocks, of which marijuana and technology companies are a current example. While the reduced volatility often equals reduced growth, it also frequently equals reduced volatility.

These companies regularly provide dividends as well, giving a little income while you wait for the market to turn around. There are a number of consumer staple companies to choose from, but these two seafood producers may be valuable additions to your consumer staple dividend portfolio.

High Liner Foods (TSX:HLF)

Well, right off the bat, I guess there is no denying that this stock does not meet the low-volatility requirement. Over the past couple of years, High Liner stock has had a steady downward trajectory. It has not been the smooth ride promised from a consumer staples stock. The company processes and sells frozen seafood under a number of brands, High Liner being one, in Canada, the United States, and Mexico.

The stock offers a 7% dividend yield at these prices. The task, then, becomes determining if the company is solid enough to maintain the dividend in light of the sell-off in its stock. It is definitely cheap, trading at a trailing P/E multiple of around seven. The biggest problems with the company are its debt load from acquisitions and declining demand for some of its products.

Clearwater Sea Food (TSX:CLR)

Although Clearwater operates in roughly the same industry as High Liner, its business model differs in some important ways. Clearwater is a producer and processor of fish as opposed to a pure producer.

The company has operations all over the world, including China. In fact, the company is aiming to expand its market share of international markets. Its products are sold to both retail and food industry clients.

Clearwater also has a fair amount of debt on its books. But the company's net sales have grown over the past five years at a compound annual growth rate of 12%. It also pays a dividend of 3.73%, although that dividend has been stagnant for the past several years. It is also slightly more expensive on a valuation basis, trading at a forward P/E of 22.3 (Q2 trailing earnings were negative) and a price-to-book multiple of 2.3.

Which stock is hotter?

On a valuation basis, High Liner appears to be the clear winner. It is certainly cheap, and the 7% dividend is very appealing. Its brands are also quite well known in Canada and the United States, which seems to give it an edge. But Clearwater appears to be more of a growth story. Fresh seafood, particularly in countries such as China, is in great demand. Clearwater appears to be better able to meet that demand. It is this potential growth that might make Clearwater a better long-term hold.

Nevertheless, neither stock offers growing dividends, pristine balance sheets, or predictable earnings. Clearwater may be the best of the two stocks and might be worth buying as a potential growth story, but neither provides shelter from a volatile market.

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Date
2025/08/26
Date Created
2018/10/31
Author
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