Canadian Jobs Record Colossal Gains: Restaurant Stocks Could Explode

Description

At a time when global trade headwinds are potentially causing troubles in the job market, Canada recorded one of its best months in terms of job gains.

The country added around 81,000 jobs in August, which was contrary to the expectation of 20,000 jobs, stated Statistics Canada. The previous month marked the seventh-largest monthly gain for jobs in Canada since 2003.

With the Canadian labor market showing signs of strength, the country is set to become one of the major economies in the world.

The nation's resilient economy

Canada's job report from August proves right the expectations of the Bank of Canada. The bank believes that Canada's economy has developed resistance against the effects of global trade.

The display of resilience will provide Canada's central bank the resources it needs to ride the wave of the global economic slowdown in the second half of the year.

Good news for restaurant stocks

New workers across the board are powering the active jobs market. One industry that is openly displaying the positive impact of the improving job market trend in Canada is the restaurant industry.

This spells good news for the likes of **Restaurant Brands International** (TSX:QSR)(NYSE:QSR). The conglomerate owns some of the largest restaurant chains in North America, such as Burger King and Tim Hortons.

Factors like the record low unemployment rate and a boost in consumer spending benefited the company — a top performer in the industry thanks to the top restaurant chains.

At the time of writing, Restaurant Brands stands at $94.47 a share. This is a powerful rally, and the company shows signs of more progress. Plant-based protein menu items, digital kiosks, and apps are just some of the latest offerings to attract more customers and improve business moving forward.

The overall sales rose by 7.9% in the quarter, with the company reporting that revenue for the second quarter increased to US$1.4 billion, up from US$1.343 billion from the same time last year. Restaurant Brands' adjusted net income rose to US$331 million – far from analyst expectations at US$296 million.

Will the positive trend continue?

The current situation clearly shows that Restaurant Brands is having a great time right now and is experiencing continued growth. However, one issue has been making some analysts skeptical about the future: the decreasing number of customers visiting fast-food restaurant chains in North America.

Based on recent reports by Bloomberg, restaurants are showing improvement in sales due to higher prices, and not from increasing customers. As consumer traffic is declining, Restaurant Brands will need to take measures to prepare for any upcoming slowdowns.

Restaurant Brands recently announced to increase the fast-food restaurant chains to over 40,000 locations throughout the world in the coming decade. The aggressive international expansion can prove to be a safe bet for the company.

The short-term might see some corrections after a fantastic rally, and the company's prevailing growth will help ride the domestic slowdown for the time being. Long-term investors can bank on international expansion to make Restaurant Brands shares a good investment option.

CATEGORY

1. Investing

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