2 Dividend Stocks to Buy and Sell Today

Description

The **S&P/TSX Composite Index** rose only six points on May 14. Canadian and U.S. stocks have battled volatility in the first weeks of May. Provinces and states are slowly moving to re-open, but the devastation wrought by the COVID-19 pandemic is impacting broad sectors of the economy. Earlier this month, I'd discussed two stocks that were riding high in the face of turbulence. Today, I want to look at two dividend stocks that have headed in opposite directions.

Instead of betting on momentum, today I want to play the contrarian. Below are two stocks that investors may want to buy and sell/avoid in the middle of May. Let's dive in.

Dividend stock to buy: Molson Coors Canada

In March, the TSX was in the throes of a brutal market correction. At the time, I'd suggested that investors should target recession-proof stocks like those in the alcohol space. **Corby Spirit and Wine** stock has been static in 2020, but **Molson Coors Canada** (TSX:TPX.B)(NYSE:TAP) has succumbed more acutely to market pressures. Its stock has dropped 27% so far this year.

The company released its first-quarter 2020 results on April 30. Recent reports have shown an increase in alcohol consumption and sales across North America, but overall, the COVID-19 pandemic has had an adverse impact on Molson's business. Because of this, Molson elected to withdraw its 2020 fiscal guidance. Still, in Q1 2020 net revenues only dropped 8.7% from the prior year.

Molson Coors Canada stock last possessed a favourable price-to-book (P/B) value of 0.6. Shares had an RSI of 31 as of close on May 14, putting Molson just outside technically oversold territory. Moreover, the dividend stock last paid out a quarterly distribution of $0.7555 per share. This represents a strong 5.8% yield. However, investors should keep in mind that in its Q1 report management revealed that the suspension, reduction, or temporary elimination of its dividend was on the table.

Stock to sell: Calian Group

Calian Group (TSX:CGY) is an Ontario-based company that provides services and solutions in advanced technologies, health, IT, and learning in Canada, the United States, and Europe. Its shares have climbed 20% in 2020 so far, and the stock is up 40% year over year. The company released its second-quarter 2020 results on May 12.

It achieved record revenue of $104.5 million in the second quarter. This represented the seventh consecutive quarter that it hit a record. Adjusted EBITDA increased 55% year over year to $10.2 million, and net profit jumped 36% to $5.3 million. Calian's diversification was a major source of strength in Q2. Advanced Technologies posted revenue growth of 60%, Health revenues climbed 16%, Information Technology rose 7% from the prior year, and its Learning segment suffered a marginal decline.

Shares of Calian Group still possess a favourable price-to-earnings ratio of 17 and a P/B value of 2.3. The stock is trading close to its 52-week high and last had an RSI of 57. This puts it back on the trend toward technically overbought levels. The dividend stock last paid out $0.28 per share, which represents a 2.4% yield.

Calian Group boasts promising fundamentals, but investors may want to take profits as markets turn choppy once again. However, value investors should take advantage of future pullbacks in this attractive dividend stock.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TAP (Molson Coors Beverage Company)
2. TSX:CGY (Calian Group Ltd.)
3. TSX:TPX.B (Molson Coors Canada Inc.)

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aocallaghan