



2 Canadian Stocks to Buy on the Dip (and 1 to Sell)

Description

Buy Cineplex

Cineplex's ([TSX:CGX](#)) most disastrous year occurred in 2017. As Canada's and North America's fifth-biggest movie theatre company, Cineplex can soon expect growth, making it a strong buy for investors. Historically, Cineplex has experienced steady growth with a significant dip during 2017—it is now priced at \$35.65 as of close on Oct. 23, 2018. On Jan. 1, 2017, Cineplex closed at \$51.46.

Cineplex stock offers competitive dividends with monthly payments. CGX's yield is 4.88%.

The analyst consensus for Cineplex is "buy." Seize the opportunity by [buying Cineplex on a dip](#).

Despite a decrease in net income from 2015 to 2016 and 2016 to 2017, Cineplex has demonstrated strong growth potential. Attendance numbers are down, but they are also earning more from concession and tickets from price increases.

CEO Ellis Jacob stated that they will re-position the company, so there are fewer fluctuations in box office earnings.

Despite changes in net income from year to year, Cineplex has remained profitable. The stock's value could see a 50-90% growth in 2019. As a company that is also suffering from this stock market dip, the future of Cineplex is positive.

Buy Roots

United States stock **Amazon** is pushing out retailers, and **Roots** ([TSX:ROOT](#)) needs to reshape its online structure to draw new customers. Roots sells apparel, active wear, accessories, and home furnishings. With an abundance of clothing brands in the market, Roots may find itself downsizing.

Roots is trading near its year low at \$5.14 per share. Its IPO was in October 2017 when it opened just above \$10. Although Roots saw an increase in net income for the 2017 fiscal year, it lost cash flow with a significant loss from net borrowings.

Unfortunately, Roots does not offer dividends. It is, however, a company with a strong financial position. There was a 15.7% increase in sales for the 2017 fiscal year compared to the 2016 fiscal year.

With stores in North America and Asia, Roots is looking to expand its number of physical stores. The company opened 12 new partner stores in Taiwan and China during 2017.

Indeed, the Canadian market is experiencing a dip that is affecting companies like Roots. There have been worse IPOs than Roots's. Consider buying Roots for its growth potential.

Sell BlackBerry

Once known as Research In Motion, **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) Was, at one time, on the brink of bankruptcy. The company's turnaround is noteworthy, as it's expanded [product line beyond mobile phones](#).

BlackBerry's sales revenues have decreased year after year since 2011. This steady movement could indicate the company is deteriorating. EBITDA was -\$12 million in February 2018 and -\$189 million in 2017.

There are no dividend payments planned for BlackBerry in the near future.

Buyers should avoid BlackBerry until the company has a history of positive income in its books. Its brand is recognized throughout the world, but with an abundance of mobile competitors such as Samsung and **Apple**, it is unlikely BlackBerry will become a leader in mobile electronics.

The bottom line

Cineplex and Roots are both attractive buys. They are companies with strong financial statements, including significant assets and a track record of success.

Avoid buying BlackBerry and sell if you own shares. Analyze BlackBerry's history and omit Research In Motion's. Especially without dividends, there is little reason to risk investing in BlackBerry at this time.

Trade concerns related to the United States is taking a toll on the TSX. Pot stocks, which are expected to increase in 2019, have declined drastically.

The United States-Mexico-Canada Agreement created a new minimum for duty. Canadians' purchases below \$150 are duty-free. This new policy will encourage buying in the United States.

The nature of the TSX's dip and economic condition is still in development. Now is the time for investment in long-term growth stocks.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
3. TSX:CGX (Cineplex Inc.)
4. TSX:ROOT (Roots Corporation)

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Author

ppurhar

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