3 Top Dividend Stocks on Sale

Description

Unless you are a retiree or one of the “lucky bunch” living off a passive income stream, you’re likely looking for stocks that will offer you some combination of dividend and capital gains income.

These three dividend stocks offer a compelling combination of a dividend which is above the yield of the broader indexes, the potential for future dividend increases above the rate of inflation, and on top of that, the potential for capital gains that will complement dividend returns.

Cameco Corp (TSX:CCO)(NYSE:CCJ)

Cameco shares have the lowest current dividend yield of the three stocks that make this list, with a payout of 3.21%.

Yet Cameco’s dividend yield, as it stands today, fails to account for the company’s growth prospects.

The company has been mired in a multi-year drought for uranium prices following the Fukushima disaster which saw most Japanese nuclear reactors suspend their operations.

In turn, these Japanese nuclear power operators “dumped” their excess uranium inventory onto the market which meant that uranium miners like Cameco were faced with both a demand *and* a supply dilemma.

Yet a recent report indicates analysts are expecting a rebound in uranium prices towards the end of the decade with prices recovering sharply into 2020 and beyond.

Couple this with expected production increases to meet oncoming demand from planned Chinese reactors, and the potential for increases in the dividend is difficult to ignore, making Cameco shares a strong buy in my mind.

Crescent Point Energy Corp (TSX:CPG)(NYSE:CPG)

Crescent Point is the second resource stock to make the list, but the factors driving Crescent Point’s earnings are different from that of Cameco, which is more specific to the uranium market.

Crescent Point is an oil and gas exploration and production company, meaning performance is tied to the level and direction of energy prices.

Natural gas prices have leveled off at US$3.00 yet are still considerably below prices seen towards the start of the decade.

Meanwhile the price of West Texas Intermediate crude (WTIC) hase fallen since the start of the year to rest at just below US$50, today.

While this poses a problem for Crescent Point as a higher cost producer that needs an oil price closer to US$65 or even US$75 to break-even, the company still owns energy assets that have long-term value.

That CPG shares pay a yield of 3.91% and are available at half of ‘clean’ book value means that prudent investors would be well served to take a close look at this name.

Home Capital Group Inc (TSX:HCG)

It would be hard to find a company, Canadian or otherwise, which has been in the news more in 2017 than Home Capital Group.

Amidst allegations of fraud and improper business practices, the company faced what was essentially a “bank run” earlier this year which left its balance sheet depleted and vulnerable.

This led to Warren Buffett stepping in this June to provide a backstop to the company’s financial woes.

The Buffett investment has served to bolster the public’s confidence in the company, and shares rebounded in short order, from $9 to $20 in just a few short weeks.

Yet, since the end of June shares have given back some of those gains, falling back down to $14 and presenting what could be an attractive entry point for this 5.71% yielding, deep value name.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. NYSE:VRN (Veren)
3. TSX:CCO (Cameco Corporation)
4. TSX:HCG (Home Capital Group)
5. TSX:VRN (Veren Inc.)

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