



Earn Income in U.S. Dollars by Buying These 2 Dividend Stocks

Description

Earning dividend income in the U.S. dollars makes sense in an environment when the Canadian currency is in a cyclical weak phase.

Many analysts believe the [Canadian dollar will remain depressed](#) versus the U.S. dollar as long as the demand for commodities, including oil and minerals, does not recover. These commodities make up the majority of Canadian exports.

To benefit from the Canadian dollar's weakness, income investors have the option to include some quality stocks in their portfolios that pay dividends in U.S. dollars. Here are my two picks.

Intertape Polymer Group

Intertape Polymer Group ([TSX:ITP](#)) is a Montreal and Sarasota, Florida-based maker of packaging products, such as carton sealing tapes, industrial and specialty tapes, and fabrics used in industrial, automotive, and aerospace applications.

ITP runs 15 manufacturing plants, 13 are located in North America, one is in Portugal, and one is in India. ITP earns 83% of its revenue from the U.S., mostly selling tapes and films.

The company pays investors a quarterly dividend of US\$0.14 per share, or US\$0.56 per share yearly. This translates into an annualized dividend yield of 3.6% at the time of writing. The company has maintained its dividend at this level since September 2016.

ITP's stock has been showing solid momentum since the company announced better-than-expected third-quarter earnings on Nov. 13.

Revenue in the quarter surged 18% to US\$243 million, beating the consensus estimate of US\$230 million. Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) rose 16% to \$32.4 million, and earnings per share rose to US\$0.32, surpassing the consensus estimate of US\$0.24.

ITP stock, trading at \$21.70, has rallied 24% since then, and it seems this strength will continue in 2018, as many analysts see the stock hitting the \$25 mark in the next 12 months.

Algonquin Power & Utilities Corp.

The Toronto-based [Algonquin Power & Utilities Corp.](#) ([TSX:AQN](#))([NYSE:AQN](#)) is another great candidate to earn dividend income in the U.S. dollars.

With an annual dividend yield of 4.17%, which translates into a US\$0.1165-a-share payout, Algonquin stock offers good diversification and income in the U.S. currency. The stock has massively outperformed the benchmark index in the past year, rising ~28% against the 7% gains in the S&P/TSX Composite Index.

Algonquin is a diversified utility with over \$10 billion of assets in the U.S. and Canada. Through its two business groups, Algonquin provides rate-regulated natural gas, water, and electricity services to over 750,000 customers in the U.S.

It generates about 70% of earnings from regulated utilities and 30% from contracted renewable power. Over the past few years, Algonquin has grown through a very smart acquisition strategy. It has bought some high-quality assets from large U.S. utilities. In its most recent deal with the Spain-based **Abengoa, S.A.**, Algonquin is now eyeing markets outside North America.

The bottom line

Buying stocks that pay dividends in U.S. dollars is a good way to hedge your portfolio against the weakness in the local currency. This strategy also works well if you are looking to diversify your portfolio and benefit from the strength of the U.S. economy.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:ITP (Intertape Polymer Group)

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Author

hanwar

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