3 Dividend Stocks to Own as Interest Rates Remain Low

Description

On December 5, the Bank of Canada announced it would hold its benchmark interest rate at 1%. This sent the Canadian dollar lower and surprised some experts, as the Canadian economy has shown improvement. Two rate hikes in 2017 have generated an expectation for continued tightening, but it is unknown just how gradual this process may be.

As it stands, interest rates remain near historic lows. The central bank appears set to stand pat as it waits for early 2018 to provide some clarity. Let's take a look at three dividend stocks that are attractive to own in a low interest rate environment.

RioCan Real Estate Investment Trust (TSX:REI.UN) is a Toronto-based REIT and the largest one in Canada. RioCan stock has declined 6.9% in 2017 as of close on December 7. However, shares have climbed 4.5% in a three-month span, coinciding with the increasingly dovish tone struck by the Bank of Canada.

In a recent article, I'd discussed why low interest rates could continue to generate a positive environment for REITs and alternative lenders, even as the housing market contends with a number of regulatory headwinds. New OSFI rules could also push away thousands of potential buyers that could benefit companies dependent on renters.

RioCan released its third-quarter results on November 3. Operating income increased 4.1% to $186 million and revenue rose 1.6% to $287 million. Same-property NOI increased by $4 million or 4.1% year over year. RioCan reported a retention rate of 93.6% compared to 83.1% in Q3 2016. The stock boasts a dividend yield of 5.8%.

Genworth MI Canada Inc. (TSX:MIC) is a private residential mortgage insurer in Canada. The stock has increased 26.4% in 2017. Shares dropped 3.91% at close on December 7 after being downgraded by a **Toronto-Dominion Bank** report. Genworth is likely to avoid a significant dip in premiums as an OSFI rule change involves a stress test for uninsured buyers.

Genworth released its third-quarter results on November 2. The company saw a 5% year-over-year increase in premiums earned. Net income was up 42% to $140 million, and net operating income climbed 21% to $112 million. Genworth also hiked its quarterly dividend to $0.47 per share, representing a 4.4% dividend yield.

Hydro One Ltd. (TSX:H) is a Toronto-based utility that services Ontario. The stock has fallen 3.8% in 2017. In an early November article, I'd discussed why utilities have benefited from a protracted low interest rate environment. In its third-quarter results, Hydro One posted adjusted net income of $237 million compared to $233 million in Q3 2016.

Avista Corp. shareholders recently approved the acquisition by Hydro One. The deal is expected to close in the first half of 2018. Hydro One CEO Mayo Schmidt has said that the company will continue to seek strategic acquisitions south of the border.

Hydro One boasts a quarterly dividend of $0.22 per share, representing a 3.9% dividend yield.

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