2 Canadian Dividend Stocks to Buy in a Market Correction

Description

Investors are finally getting an opportunity to pick up some top-quality dividend-growth stocks at reasonable prices.

Let's take a look at two Canadian companies that could be attractive on additional downside.

Canadian National Railway Company (TSX:CNR)(NYSE:CNI)

CN is down to levels not seen since last April, and that's good news for investors who have been waiting for an opportunity to pick up the stock.

The railway is widely viewed as the top pick in the sector and regularly reports an industry-leading operating ratio.

Savvy investors tend to seek out companies with wide moats, and CN is about as good as it gets on that front. The company is the only rail operator with lines that connect three coasts, and the odds of new tracks being built along the same routes are pretty slim.

The company gets a good chunk of its revenue from operations in the United States, so investors have a nice hedge against any potential weakness in the Canadian economy.

CN generates significant free cash flow and is generous when it comes to sharing the profits with investors. In fact, the company just raised the dividend by 10% for 2018.

The stock rarely goes on sale, so investors should consider adding a bit of CN to their portfolios on any further weakness.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS)

Bank of Nova Scotia's stock price hasn't exactly fallen out of bed, but it is down from $85 to about $80 per share at the time of writing.

Investors often overlook Bank of Nova Scotia in favour of its larger peers, but the company probably deserves more respect, especially with investors who plan to hold the stock for decades.

Why?

Bank of Nova Scotia has invested heavily to build a large operation in Latin America, with a specific focus on Mexico, Peru, Chile, and Colombia. The four countries form the core of the Pacific Alliance, which is a trade bloc set up to promote the free movement of goods and capital among the member states.

With a combined consumer market of more than 200 million people, the bank's opportunities are significant as the middle class grows.

Bank of Nova Scotia already gets about 30% of its net income from the international operations.

The company has a strong track record of dividend growth, and that trend should continue. The payout provides a yield of 4%.

Is one more attractive?

Both stocks should be attractive picks for a buy-and-hold portfolio. At this point, I would probably split a new investment between the two names to get solid exposure to Canada, the United States, and Latin America.

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