2 Top Canadian Dividend Stocks to Buy During the Market Sell-Off

Description

When you see stocks being sold indiscriminately, this is usually the best time to pick up bargains. And the recent market sell-off is no different.

In a global shift to risk aversion, investors are shunning equities and taking refuge in safe-haven assets, such as gold. If you were looking for a right moment to enter the market and pick some of your favourite dividend stocks, then this ongoing bearish spell might be a window of opportunity.

Among Canadian dividend-paying companies, I see some good bargains for long-term income investors after the recent pullback. Here are my two top picks.

Fortis

St. John's-based **Fortis Inc.** (TSX:FTS)(NYSE:FTS) stock is down about 12% in the past three months on concerns that rising interest rates in North America will make this top dividend stock less attractive when compared to bonds.

Trading at $42.39 a share at the time of writing, Fortis now offers an annual dividend yield of 3.82%, the best return since 2014. I like Fortis stock for a couple of reasons.

First, this utility has very good geographical diversification. It provides electricity and gas to 3.2 million customers in the U.S., Canada, and Caribbean countries. The U.S. accounts for more than 60% of its assets, while Canada has more than 25%, and the rest are in the Caribbean.

Its latest earnings show that Fortis is taking advantage of this diversification. Its sales jumped 24% in the third quarter to $1.9 billion, while earnings per share surged to $0.66 from $0.45 a share over the same period a year ago.

My second reason for liking Fortis stock is the company's solid history of rewarding its investors. The company has increased its dividend payout for 43 consecutive years. Fortis also plans to grow its dividend payout 6% each year through 2021, which is another good incentive for income investors to buy this stock.

Brookfield Infrastructure

Brookfield Infrastructure Partners L.P. (TSX:BIP.UN)(NYSE:BIP) is another dividend that has seen some pullback during the past three months.

Like Fortis, Brookfield also maintains a robust portfolio of critical infrastructure assets globally. These assets not only provide diversification, but they also help the company generate stable cash flows.

Its assets range from electricity and gas distribution businesses in Australia and the U.S., railroads in South America, and a portfolio of 36 ports in North America, Asia Pacific, the U.K., and across Europe.

Trading at $51.39 and with a dividend yield of 4.35%, Brookfield stock has been a great source of stability and growth for investors. Since 2009, its stock has gained more than 300%, and its quarterly dividend has grown from $0.175 a share to $0.44 per share.

Which stock is better?

I like both stocks for income investors. However, I think Fortis is trading at a better price level than Brookfield after more than a 12% pullback during the past three months. I see more weakness in these stocks in the coming weeks, as markets go through the current correction phase. You will likely to get a better entry point if you wait on the sidelines for the next couple of weeks.

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Date
2025/09/21
Date Created
2018/02/06
Author
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