
# Hydro One Ltd. and Rogers Communications Inc.: 2 Oversold Dividend Stocks to Grab Right Now

## Description

The S&P/TSX inched up 0.19% on Tuesday, February 6 as the main indexes south of the border rebounded from a brutal Monday. Despite this, the TSX is still down 5.2% so far in 2018. The interest rate rise from the Bank of Canada combined with improving jobs, inflation, and wage numbers has sparked a sell-off in utilities, telecom, and real estate stocks.



Rising bond yields and the threat of tightening monetary policy are casting a shadow on these favoured income plays, but there are still good reasons to hold these stocks in your portfolio. Today, I want to take a look at two of my top stocks to target as buy-low opportunities during this volatile period.

**Hydro One Ltd.** (TSX:H) fell 2.02% on February 6, and shares have plummeted 7.1% in 2018. The stock is down 13.4% year over year. The Toronto-based company provides transmission and distribution of electricity to southern Ontario. Hydro One has been a source of controversy since its privatization and subsequent public listing, but this is an income machine to hold for the long term.

The United States Federal Energy Regulatory Commission recently approved the merger of Hydro One and **Avista Corp.** The merger will net Hydro One over 700,000 U.S. consumers. Hydro One was also under fire for its decision to spend $9 million on redesigning bills and for plans to spend an additional $6 million. Investors should expect some political noise to reach Hydro One in what will undoubtedly be a contentious election year for the province of Ontario.

Hydro One will release its 2017 fourth-quarter and full-year results on February 13. In the third quarter, the company reported adjusted net earnings of $237 million compared to $233 million in the prior year. The company last delivered a quarterly dividend of $0.22 per share, representing a 4.2% dividend yield.

**Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI) has declined 9.8% in 2018. Canadian telecommunications stocks have been hammered in recent weeks. Rogers is now trading almost $13 off its all-time high of $70.08 reached in late November 2017. Telecoms have also come under fire from consumer advocates for reportedly aggressive sales tactics.

Rogers released its 2017 fourth-quarter and full-year results on January 25. For the full year, Rogers reported wireless service revenue growth of 7%, and wireless postpaid net additions of 354,000. The fourth quarter saw Rogers post service revenue growth of 4% year over year and internet revenue growth of 9%. Net income jumped to $1.7 billion in 2017 compared to $835 million in 2016 — a 105% rise.

For 2018, Rogers projected revenue growth between 3% and 5% and adjusted EBITDA of between 5% and 7%. Rogers also declared a quarterly dividend of $0.48 per share, representing a 3.3% dividend yield.

Although I like both of these stocks to bounce back from a steep early swoon in 2018, Rogers is my top option to stack, as it lurches along a slumping TSX to start the year.

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2. TSX:H (Hydro One Limited)
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1. Investing

**Date**
2025/09/08
**Date Created**
2018/02/07
**Author**
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