3 Dividend Stocks to Add to Your TFSA in April

Description

On March 23, Statistics Canada released the Consumer Price Index (CPI) for February, which rose 2.2% year over year. The impressive February numbers have increased the chances for a second rate hike in 2018, as the Bank of Canada is set to convene in April. The S&P/TSX Index has suffered to start 2018 and has dropped 5.6% as of close on March 26. Canadian energy, utilities, telecom, and real estate stocks have all been battered so far.

The steep drop in the TSX to start the year should pique investors' interest in secure dividend-yielding stocks. In an environment where growth is becoming harder to come by, income plays will become more attractive. Let's take a look at three to monitor ahead of the potential rate hike that could provide tax-free income going forward.

Hydro One Ltd. (TSX:H)

Hydro One is a Toronto-based utility that primarily services the province of Ontario. Hydro One stock has dropped 6% in 2018 as of close on March 26. There are a number of factors that have generated an environment plagued by uncertainty for Canadian utilities in 2018. The murky fate of NAFTA and increased competition from U.S. utilities due to tax reform are both developments that investors should be wary of.

Hydro One released its 2017 fourth-quarter and full-year results on February 13. Overall, the company reported lower net income of $658 million in 2017, which represented an 8.7% decline. This was largely due to hikes in the rate base and increases in financing charges as well as milder weather in the first three quarters of the year. The company declared a quarterly dividend of $0.22 per share, which represents an attractive 4.1% dividend yield.

Shaw Communications Inc. (TSX:SJR.B)(NYSE:SJR)

Shaw is a Calgary-based telecommunications company. Shaw stock has dropped 14.9% in 2018 thus far. Telecoms received some good news for the short term on March 22 when the CRTC revealed that it had not decided to allow MNVOs to access the networks of facilities-based providers at usual rates.

Shaw released its first-quarter results on January 11. As with other telecoms, Shaw reported strong growth in its wireless consumer internet and business segment. It posted consumer internet net gains of 17,000 in Q1 and saw wireless revenue increase 26.8% year over year. Shaw also reported net income of $114 million compared to $89 million in the prior year. It last declared a monthly dividend of $0.10 per share, representing a 4.8% dividend yield.

RioCan Real Estate Investment Trust (TSX:REI.UN)

RioCan is a Toronto-based REIT with a broad property portfolio. Shares of RioCan have dropped 3.6% in 2018 so far. RioCan has made a concerted effort to turn away from its shopping mall roots to fund urban apartment projects going forward. The company released its 2017 fourth-quarter and full-year results on February 13.

Same-property NOI in 2017 increased 2.1% to $14 million, which represented its strongest single-year performance since 2010. IFRS operating income also climbed 5.4% to $737 million. RioCan currently offers a 6% dividend yield in what has been a shaky year for real estate in Canada so far.

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2. TSX:H (Hydro One Limited)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)
4. TSX:SJR.B (Shaw Communications)

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