Dividend Investors: 2 Leading Canadian Stocks to Buy Today

Description

If you're just starting your saving journey and looking for some top-quality dividend stocks, then it's better to stick with the market leaders.

Investing in the best dividend stocks will save you from worrying about day-to-day market volatility and taking unnecessary risks. These two considerations are important for new investors, whose objective is to build their saving portfolio gradually and earn a stable income stream. Here are two leading Canadian names that certainly fit the bill.

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Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY) is the nation's largest bank with more than $1.2 trillion in total assets. It also has a strong presence in the U.S. after its acquisition of City National Bank in 2015. RBC is the undisputed leader in Canadian retail banking. It has the largest sales force in Canada and is the market share leader or runner-up in all key product categories.

Canadian banks are considered low-risk investments to earn stable and growing dividend income. RBC, for example, has paid distributions to shareholders every year since 1870. In its first-quarter earnings, RBC surpassed analysts' expectations for profitability and delivered another dividend hike to investors.

One distinctive feature that helps Canadian banks grow their earnings is their exposure to the U.S., which is the world's largest economy. City National Bank contributed $114 million in profit during the first-quarter — an increase of 97% from the same quarter a year earlier.

Trading at $98.30 and with an annual dividend yield of 3.83%, RBC is on a solid footing to provide regular dividend income, especially when it's benefiting from North America's rising interest rates and a robust economy. Its strong position in Canada and abroad makes the lender an attractive buy for new investors with a long investing horizon.

Rogers Communications

Just like RBC, **Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI) is also a leader in the telecom industry. Rogers is Canada's second-largest telecom company, but it has the largest market share of the country's growing wireless segment, dominating about a third of the market's revenue and subscribers.

The appointment of Joe Natale as Rogers's new CEO last year is another factor that's making this stock a good candidate to outperform other players. A former executive from **Telus Corporation**, Natale has been focusing on improving the company's customer service and reducing the higher churn rate.

Rogers's stock currently offers an annual dividend yield of 3.31%, though it's the lowest among the Big Three telecom operators. Rogers hasn't increased its dividend since the first quarter of 2015, when it boosted its quarterly payout by 5% to $0.48 a share.

This is probably the reason that some investors don't like Rogers stock as much as they do other top players. But when you compare Canada's leading telecom stocks on the basis of total returns, Rogers hasn't done bad on this metric. In the past two years, Rogers has offered total return in excess of 15%, the highest when compared with **BCE Inc.** and Telus.

The bottom line

Both RBC and Rogers are solid stocks that provide stable income in the form of dividends. Dividend investors who want to buy and hold these stocks will benefit from their earnings growth and the leading position in the market.

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2. Dividend Stocks
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Date
2025/08/26
Date Created
2018/04/10
Author
hanwar

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