



Buy These 3 Dividend Stocks Today

Description

If you really come down to it, the opportunities to buy and sell are much rarer than the daily market makes it appear. Looking back over the past few years, I can only think of a few good buying opportunities. In February, the quick market drops provided entry points for American dividend stocks. In January of 2016, there was the opportunity to buy the Canadian banks at attractive levels. In 2012, the European credit struggles had stocks languishing at attractive levels for the much of the year.

There are good buying points, but they always come when everyone is telling you the sky is falling, either in a particular sector or in the market as a whole. The problem is that these buying opportunities come when you are the most afraid to buy. As an investor, you must discern whether the pullback is warranted and if further danger exists, or if the selling has gone too far given an individual company's fundamentals.

Right now, dividend stocks in Canada have sold off far too much. Everyone is so concerned about interest rates rising that they have failed to consider the possibility that rates will most likely not get a whole lot higher.

Recently, the Bank of Canada asserted that it is determined to bring the prime rate up to a normalized range of 2.5-3.5%. Doing some quick mental math, I can come to the conclusion that at that range, dividend yields, at today's prices, will more than likely still far exceed the interest on a GIC, bank account, or Government of Canada bond.

But investors certainly need to be aware that choosing the right kinds of dividend stocks is extremely important for long-term results. Companies with steady, growing dividends are generally the best income choices. Since many have seen their share prices become quite compressed, there is a very good chance for capital appreciation as well.

Electrical utility companies, telecommunications, and fossil fuel pipeline companies have been fantastic wealth creators over the years. **BCE** ([TSX:BCE](#))([NYSE:BCE](#)), **Emera** ([TSX:EMA](#)), and **TransCanada** ([TSX:TRP](#))([NYSE:TRP](#)) are all fantastic choices with decades of excellent performance and dividend appreciation behind them. The best part is that all of these companies have strong, predictable cash flows that will support further dividend increases into the future.

BCE and TransCanada, for example, just reported their Q3 results on November 1. [BCE](#) grew its revenue by 3.2% over the previous year and net earnings by 2%. The growth was powered by record wireless additions, a business which will likely continue to grow as the Internet of Things continues to expand. [TransCanada](#) increased its earnings by 43% over the same period the year before. It expects to power dividend growth to the tune of 8-10% per year until at least 2021.

While Emera has not yet reported its earnings (release date is November 8), its past performance should give some indication as to its strength. Emera is a largely regulated utility company with operations in Canada and the United States. The company raised its dividend in the second quarter of 2018 and expects to continue to raise the dividend at a rate of 4-5% until at least 2021.

Buy these companies now

Right now is one of those times when you need to buy. The yields on BCE, TransCanada, and Emera are already phenomenal at 5.53%, 5.29%, and 5.7%. Considering these yields are expected to grow for the next several years at least, this is one of those excellent entry points you do not want to miss.

Of course, stocks have more risk than GICs or government bonds. It is therefore a given that very conservative investors will choose to sell dividend stocks and lock the proceeds into ultra-safe investments. This will almost certainly hold down the prices of dividend stocks in the short term. But in the long term, it is highly likely that these stable, cash-flowing businesses will continue to pay and raise their dividends as well as experience capital growth.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:EMA (Emera Incorporated)
5. TSX:TRP (TC Energy Corporation)

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