2 Superstar Stocks on the TSX Index to Watch for a Dip

Description

Don't let the bearish headlines trick you — the TSX index is alive and kicking and still packed with superstar dividend stocks soaring to all-time highs. The trick to investing for beginners lies in finding the healthiest tickers while you're still trying to figure out how to invest in the stock market. The following two stocks to buy now for sturdy regular income are pre-packaged with defensiveness and decent dividend yields.

If you want to make money trading stocks, one of the simplest ways to do so is to buy and hold low-maintenance stocks with healthy balance sheets, some growth ahead, and a track record for paying sizable dividends. Let's take a look at two tickers definitely worth a look if you are in the market to pad out a passive-income portfolio or bulk up a TFSA or RRSP; but be aware: some value indicators may suggest it's best to hold off for a dip.

Thomson Reuters (TSX:TRI)(NYSE:TRI)

A classic Canadian stock, this news agency superstar is a massive 17 times over its future cash flow value, making it a $35 billion market capitalized TSX hero to watch for a dip. A one-year past earnings growth of 135% and five-year average past earnings growth of 8.6% make it a clear win for any growth investor, while a PEG of 1.6 times growth and low-enough debt of 58.7% of net worth round out a quick and positive value and quality appraisal.

With more inside selling than buying in the last 12 months, market watchers may be a little jittery, while a closer look at market variables such as a P/E of 26.6 times earnings and P/B of 2.2 times book suggest waiting for a dip may be prudent. A dividend yield of 2.92% and 16.5% expected annual growth in earnings make this a stock worth stashing and forgetting about.

CIBC (TSX:CM)(NYSE:CM)

Every now and then, CIBC hits the lists of TSX stocks to watch, though, to be honest, it deserves to be here constantly. A strangely unchanging Canadian stock, a market cap of $51 billion goes some way to explain its perennial presence in the press, while a one-year past earnings growth of 14.5% and five-year average past earnings growth of 10.3% show that CIBC is doing its bit to keep up the positive reputation of the Big Five Canadian banking stocks.

A PEG of 2.3 times growth seems a little high, though a P/E of 10 times earnings and P/B of 1.6 times book are nice and low, while a dividend yield of 4.75% is nice and high (though, obviously, not what you may call high yield). A so-so ROE of 15% is par for the course with Canadian financial stocks, while a 4.3% expected annual growth in earnings may look low but, in fact, signals a positive outlook for Canadian banking as a whole.

The bottom line

Both of the above TSX index superstar stocks are worthy of buying and stashing long term in our savings account of choice. Both offer assured and defensive dividends that can be fairly reliably counted upon. Those high valuations may be a cause for concern for value investors, but upside hunters and contrarians may be interested to see those share prices climbing.

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