



Two Dividend Stocks on the TSX Index that I'm Chomping at the Bit to Buy

Description

October saw the TSX Index fall by more than 5%, but frankly speaking, the good news is that there are currently a ton of great companies available at very good prices.

Two of those companies are **Dollarama Inc** ([TSX:DOL](#)) and **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)).

Frankly, it's been tough to buy these two dividend stocks at attractive prices over the past couple of years, as there really hasn't been much bad news surrounding either to afford the opportunity to [scoop them up on a dip.](#)

But following a great run that saw the value of DOL stock rise from below \$5 per share to at one point more than \$50 per share, or a 1,000% point increase, the stock has come down to earth a little as of late, falling 32% so far in 2018.

More recently, that's led to the shares falling below their 200-day trading average, which is usually viewed as a bearish indicator for a stock.

Yet most of this year's sell-off has nothing to do with anything related to Dollarama's underlying business model.

In the second quarter, Dollarama increased its sales by 6.9% year-over-year and grew earnings by 13.2% over the year-ago quarter.

The sell-off in the company's shares this year has more to do with the mean-reverting nature of the market than anything else in this author's view.

Granted, maybe DOL stock was getting a bit rich when it traded north of \$50 at would have been a price-to-earnings (P/E) ratio of 23 times based on the current expectations for next years' earnings.

But now trading at a P/E ratio of under 17 times, for a company that has grown its earnings at double-digit clip, one would argue that is very good if not even great value being offered to the prospective shareholders of this company.

Meanwhile, Suncor saw its share price bottom out back at the beginning of 2016.

Back then, oil prices were trading at less than US\$30 per barrel, and many were wondering whether they were going to head lower still.

Yet as markets often do, things changed, sentiment reversed and the shares of [energy companies](#) counteracted and headed in the opposite direction.

After bottoming out near \$25 on the TSX in early 2016, the shares went on to reach as high as \$55 earlier this year.

Yet they have recently given back some of those gains, falling close to 20% from their 52-week highs and looking as if they might even be headed lower still.

Shares are in the red again to start this week, and like DOL stock, have also breached their 200-day moving averages as well as a trend line that has been supporting the stock going back to 2016.

Bottom line

I'm chomping at the bit to buy my own shares in these two high-quality Canadian companies, but in light of the recent volatility and that both are trading down and below their moving averages, I'm going to employ the strategy of "measuring twice and cutting once."

I'll continue to watch this stock closely in the meantime in search of a more suitable entry point once the shares have stabilized and begun to show signs of reversing course.

Fool on.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:DOL (Dollarama Inc.)
3. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/07/25

Date Created

2018/11/18

Author

jphillips

default watermark

default watermark