3 Dividend Growth Stocks to Stash in Your 2019 Portfolio

Description

The **S&P/TSX Composite Index** rebounded on December 5 and rose 119 points after its triple-digit loss the previous day. North American indexes have been pulverized in October, November, and early December. Last month I'd discussed some of the reasons for the struggles on the TSX over the course of the last decade.

Instead of retreating to the sidelines altogether, investors may want to switch up their strategies and look to stash income-yielding equities as we look ahead to 2019. Today we'll look at three options worth considering for your portfolio.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

Canadian National Railway stock has dropped 2.3% over the past three months as of close on December 5. Shares are still up 7.3% in 2018 so far. In a choppy market Canadian National Railway boasts a wide economic moat and one of the longest records of dividend-growth at 22 consecutive years.

In the third quarter CNR saw net income climb 18% year-over-year to $1.13 billion and diluted earnings per share surge 21% to $1.54. CNR reported that its team was able to put more than 80% of its infrastructure expansion projects into full service by the end of the third quarter, and the company is on pace to complete the remainder before winter.

As a large portion of CNR's revenues are denominated in U.S. dollars, the currency fluctuations have had a positive impact on its net earnings in 2018 so far.

CNR last paid out a quarterly dividend of $0.455 per share, representing a modest 1.6% yield.

Saputo (TSX:SAP)

Saputo stock has climbed 7.1% over the past three months. Shares are still down 8.5% in 2018 so far. Back in October I'd discussed the impacts of the USMCA, which was ratified last week, on Saputo's business going forward. New terms will allow some additional access for the Canadian dairy industry into U.S. markets, but will also marginally open the door for U.S. access to Canada. Saputo had long lobbied for a liberalization of trade, so the deal was welcome news.

Saputo reported higher revenues in the second quarter, but depressed dairy markets and higher logistical costs weighed on profits. The company also announced that it was pleased with the additional access it will be granted to U.S. markets.

Saputo last paid out a quarterly dividend of $0.165 per share, representing a 1.5% yield. The company has achieved over 15 consecutive years of dividend growth.

Canadian Western Bank (TSX:CWB)

Canadian Western Bank stock has plunged 23.6% over the past three months as Canadian financials have struggled with the global sell off. Shares are down 31% in 2018 so far. The bank is expected to release its fourth-quarter results today.

As of its most recent close, Canadian Western Bank posted an RSI of 27, indicating that it is oversold ahead of its Q4 earnings release. Shares have been in steady decline since flashing an overbought signal back in late August.

The bank last paid out a quarterly dividend of $0.26 per share, representing a solid 3.7% yield. Canadian Western Bank has achieved over 25 consecutive years of dividend growth. Value investors should be targeting Canadian Western Bank in early December. It also offers the best yield of the three stocks we have covered today.

CATEGORY

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2. TSX:CNR (Canadian National Railway Company)
3. TSX:CWB (Canadian Western Bank)
4. TSX:SAP (Saputo Inc.)

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Date
2025/07/20
Date Created
2018/12/06

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