Millennials: 3 Dividend Stocks to Hold Next Year

Description

Back in August I'd <u>discussed</u> savings strategies for millennials. Many in the millennial demographic entered the workforce in the aftermath of the 2007-2008 financial crisis. This means that many millennials have only had exposure to a relatively friendly market landscape, although the TSX index has not kept pace with its peers in the United States.

The most recent stock market pullback is one of the most violent since the financial crisis. Millennials who have feasted on growth over the past decade may want to consider moving into more conservative options as we look ahead to 2019. Here are my top options for building an incomefocused portfolio that can weather turbulent conditions next year.

Hydro One (TSX:H)

Hydro One stock surged 5.69% on December 6 after U.S. regulators blocked its acquisition of **Avista Corp.** This will put more cash in Hydro One's pocket but blocks a deal that would have handed it over 700,000 US-based consumers. U.S. regulators cited political interference by the Ford-led government after it forced out Hydro One's leadership team this summer.

Regardless, Hydro One is a revenue machine with a wide economic moat in the country's most populous province. Shares have rapidly surged into overbought territory with Hydro One now boasting an RSI of 83. This should not drive investors away from a company that boasts stability and a 4% dividend yield.

Another positive for utilities entering 2019 is the newfound dovishness from central banks. Utilities have been a stalwart income option in an era of historically low interest rates. Rising bond yields threatened this privileged position in 2017 and 2018. A potential pause on hikes is good news going into next year.

National Bank (TSX:NA)

National Bank dropped 1.23% on December 6. Shares have plunged 8.1% over a three-month span. National Bank stock was at an RSI of 38 as of this writing, putting it just out of oversold territory. However, shares are near a 52-week low.

In the fourth quarter National Bank reported net income of \$566 million, was up 8% from the prior year. Each of its business segments posted growth in the fourth quarter. National Bank boosted its quarterly dividend to \$0.65 per share, which represents a 4.1% yield. The bank hopes to continue to take advantage of Quebec's booming economy going forward and continues to be an unsung option as the smallest of the Big Six.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis stock has climbed 9.2% over the past three months in the face of one of the worst sell-offs in

years. This surge pushed the stock into positive territory for 2018. Shares are nearing overbought territory in early December at an RSI of 68.

Fortis has upped its five-year capital program to \$17.3 billion, an investment that will boost its rate base going forward. The company has achieved over 40 consecutive years of dividend growth, tops among its peers on the TSX. Fortis is well-positioned to continue this trend into the next decade, and its not unreasonable to see the stock be crowned a dividend king in the 2020s.

Currently Fortis offers a quarterly dividend of \$0.45 per share, which represents a 3.6% yield.

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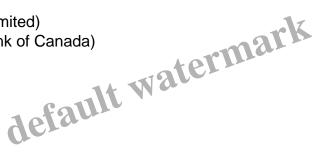
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