TFSA Investors: 2 Top TSX Index Stocks to Buy After the Santa Rout

Description

The TSX Index often enjoys a Santa Claus rally heading into the end of the year, but 2018 has served up a Santa rout, which might be a fantastic gift for savvy self-directed TFSA investors.

Let's take a look at two stocks that have taken a beating in the past few months and could be attractive picks for a buy-and-hold TFSA portfolio today.

Nutrien (TSX:NTR)(NYSE:NTR)

Nutrien is a global leader in the production of crop nutrients, including potash, nitrogen and phosphate. Farmers around the world rely on these fertilizers to boost crop yields, and demand is expected to remain strong for decades.

Why?

The number of mouths that need feeding continues to increase. The world population currently sits around 7.7 billion, and is expected to approach 10 billion by 2050. At the same time, development and the expansion of cities into the countryside is reducing arable land, so farmers will have to produce more food with less space.

Another issue is the growing taste for meat among developing countries. Livestock feed has to be grown, which requires additional fertilizer.

Nutrien also has a retail division that supplies the planet's farmers with seed and crop protection products. The company continues to expand this group through acquisitions and more growth should be on the way.

Management raised guidance throughout 2018 and just bumped up the dividend for next year, citing strong demand growth and improving prices. No major capital programs should be required in the medium term, so investors could see a free cash flow windfall if crop nutrients prices extend their recovery toward previous levels.

Nutrien's dividend provides a yield of 3.7%. The stock is down to $61 from $75 at the start of November.

TransCanada (TSX:TRP)(NYSE:TRP)

TransCanada is a leading North American energy infrastructure company with $94 billion in assets located in Canada, the United States, and Mexico.

The sector has taken a hit this year amid investor concerns that resistance to major pipeline projects and rising interest rate will slow growth and reduce cash flow available for distributions. In some situations, the fear has merit, but the impact on TransCanada's share price appears to be overdone.

The company is advancing $20 billion in projects under development with $36 billion in commercially secured projects through 2023. Dividend growth is anticipated to be at least 8% per year through 2021 and investors should see the outlook get extended.

The stock is down to $50 per share from $61 a year ago. At the current price, investors pick up a solid 5.5% yield.

The pace of rate hikes should slow next year, with some pundits predicting that the U.S. Fed might actually be forced to reverse course. On the growth side, Mexico presents a great opportunity for TransCanada. The huge development backlog puts the company in good shape in the medium term.

Is one more attractive?

Nutrien and TransCanada should be solid buy-and-hold picks for a dividend-focused TFSA portfolio. The stocks appear oversold, and investors could see some nice upside gifts once market sentiment improves.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. TSX:NTR (Nutrien)
3. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

Date
2025/07/27
Date Created
2018/12/24
Author
aswalker