



## 3 Top Dividend Stocks to Buy in 2019

### Description

The three dividend stocks I suggest you buy in 2019 if you are looking for high dividend yields are three Canadian bank stocks: **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)), **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), and **Laurentian Bank** ([TSX:LB](#)).

Bank stocks are really great if you are looking for dividends that are safe and that are raised regularly. Banks have been paying dividends for many years and have the financial strength to keep paying dividends in the future and to raise them frequently. They provide you with reliable income, which is important if you need to live off your investments.

These bank stocks have the highest yields among Canadian banks, and they all have dividend yields of at least 5%. They have histories of raising their dividends twice a year.

Their dividend is sustainable, as can be seen by their dividend cover. The dividend cover is the ratio of earnings per share divided by the dividend per share. A ratio of at least two is viewed as healthy, and all three banks meet that criteria. These bank stocks are also very cheap after plunging a lot in 2018, so it's time to buy some shares.

### CIBC

[CIBC](#) is Canada's fifth-largest bank. After falling about 15% in 2018, the stock now yields 5.3%, which is the highest yield among the biggest five Canadian banks. This bank pays a quarterly dividend of \$1.36 per share. The dividend has a five-year compound growth rate of 7.2%.

The last dividend hike occurred in August, when the dividend was raised by 2.3%. Given earnings per share of \$11.65 and an annual dividend of \$5.32, the dividend cover is 2.19, so it's safe.

CIBC's stock has a forward P/E of only 7.7, so it is very cheap.

Earnings are expected to grow by 5.5% in 2019.

## Bank of Nova Scotia

[Scotiabank](#) is the third-largest bank in Canada. After falling about 15% in 2018, the stock now yields about 5%. The dividend now amounts to \$0.85 per share paid quarterly, and it has a five-year compound growth rate of 6.5%.

The last dividend hike happened in August, when the dividend was raised by 3.7%. Given earnings per share of \$6.82 and an annual dividend of \$3.28, the dividend cover is 2.08.

In addition to a high dividend, Scotiabank shares are currently very cheap, trading at just 8.4 times estimated earnings.

Earnings are expected to grow by 7.4% next year.

## Laurentian Bank

Canada's seventh-largest bank shares have fallen more than 30%, making it the bank stock that has fallen the most in 2018. Because of this sharp fall, Laurentian Bank's dividend yield is now the highest among Canadian banks, with a yield near 7%.

The annual dividend of \$2.54 is in no danger of being cut, since earnings, which amount to \$5.10 per share, are twice as much the dividend. Laurentian's dividend is paid quarterly and has been hiked by 1.6% to \$0.65 in December. The dividend has a five-year compound growth rate of 5%.

In addition to paying a generous dividend, Laurentian stock is also the cheapest bank stock, with a forward P/E of only 6.9.

Earnings are expected to grow by 5.5% in 2019.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:LB (Laurentian Bank of Canada)

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