2 Buy-and-Hold Canadian Dividend Stocks for Your RRSP in 2019

Description

A new investing year has arrived and Canadians are searching for top dividend stocks to add to their self-directed RRSP.

Let's take a look at **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) and **Nutrien** (TSX:NTR)(NYSE:NTR) to see if one deserves to be on your buy list right now.

TD

TD has grown significantly over the past 15 years, primarily through an aggressive expansion in the United States. The company invested billions to acquire strategic retail banking and brokerage assets, moving the company from essentially being a non-entity in the American market to its current position as one of the top 10 retail banks in the country.

During the Great Recession analysts had some concerns that the investments might not have been wise ones, but TD is now reaping the rewards. The U.S. economy has strengthened and unemployment is at lows not seen in decades. In addition, rising interest rates are providing a boost to net interest margins and corporate tax cuts are keeping more profits in the company's pocket. Add in the strong U.S. dollar, and you get an attractive situation for TD and its investors. The U.S. division now accounts for more than 30% of TD's profits. This gives investors a great way to get U.S. exposure through a top Canadian company.

TD's share price is down from $80 in September to $68 at the time of writing. At this price, the stock trades at a reasonable 11.3 times trailing earnings. Other Canadian banks are cheaper today, but TD is probably the safest overall pick in the bunch.

Investors can pick up a 3.9% dividend yield and should see the payout increase in line with anticipated earnings growth of 7-10% per year over the medium term.

The stock rarely goes on sale and a quick look at the long-term chart indicates past pullbacks have proven to be attractive entry points.

Nutrien

Nutrien is celebrating its first full year as the world's largest crop nutrients provider. The company was formed through the merger of Potash Corp. and Agrium, two Canadian leaders in the sector that already had strong ties through their potash marketing partnership, Canpotex.

The integration of the two companies is going well. Run-rate synergies are already topping initial expectations and more efficiency gains are expected in 2019. In addition, management made strategic acquisitions in 2018 to boost the size of the retail business and position Nutrien to be a leader in the emerging digital age of agriculture.

Nutrien raised the dividend for 2019 and investors should see solid gains continue, supported by rising fertilizer prices and growing demand for seed and crop protection products.

The stock hit a high of $76 in 2018, but has since pulled back to $63 per share. The market might not be appreciating the potential the company has to generate significant free cash flow as crop nutrient prices recover.

Is one a better bet?

TD and Nutrien are leaders in their respective markets and appear oversold today. If you have some cash sitting on the sidelines, I would probably split a new investment between the two stocks.

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aswalker