2 Best Canadian Dividend Stocks to Buy After the Market Correction

Description

When markets go down, it doesn't mean that everyone is losing. Long-term income investors usually wait for these downturns because they provide them an opportunity to buy some of the best dividend stocks at much more attractive prices.

Today, I have put together a buying case for two Canadian dividend stocks that after the recent market correction are selling cheap and offering higher yields. Let's find out more about these dividend stocks.

Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY), the nation's largest bank with more than $1.2 trillion in total assets, has fallen about 11% from the 52-week high its reached last year. But that slide in its stock value has made this top banking stock more attractive for income investors.

With an annual dividend yield of more than 4%, RBC is a good long-term bet given the lender's strong market position and its history of rewarding investors. Canadian banks are considered low-risk investments to earn stable and growing dividend income.

RBC has paid distributions to shareholders every year since 1870. In its most recent earnings report, RBC again surpassed analysts' expectations for profitability and revenue growth. Helped by rising interest rates and U.S. tax reforms, RBC wrapped up a year of generating annual profits of $12.4-billion.

Going forward, the lender is well positioned to continue on its growth trajectory and hike its payouts, especially when the company is benefiting from North America's rising interest rates and robust growth.

Trading at $96.42 at writing, RBC now pays $3.92-a-share annual dividend.

TransCanada

Among the top energy infrastructure providers, TransCanada (TSX:TRP)(NYSE:TRP) is one of my favourite stocks to consider after the recent pullback in its share value.

After falling 14% during the past six months, the stock is quickly gaining its ground. In the new year, it has already gained 10%, but I find there is much more room for the upside move for this stock.

The biggest attraction of owning this stock is the company's long history of paying dividends and its diversified energy assets. TransCanada has raised its dividend for 18 consecutive year and there is a good chance that it will again hike its $2.76-a-share annual payout in February.

The company plans to raise its dividend at an annual rate of 8-10% through 2021, helped by its relatively low-risk business, with about 95% of EBITDA (earnings before interest, taxes, depreciation and amortization) coming from assets that are either regulated or contracted on a long-term basis.

TransCanada is pursuing about $36-billion in small- and medium-sized commercially secured projects that it expects to advance through 2023.

Trading at $53.60 at the time of writing, TransCanada stock now yields 5.6%, making it one of the best dividend stock to buy for long-term investors.

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hanwar