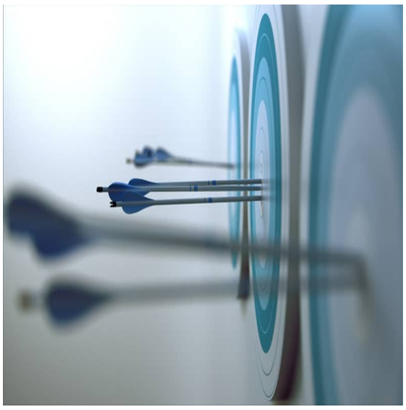

2 Dividend Stocks Yielding up to 5% to Stash in Your TFSA

Description

The Canadian housing market saw predictably lower sales in 2018, while prices reported marginal increases year over year. Results at some of the top alternative lenders were surprisingly positive in the latter half of last year, but these businesses will be facing tough headwinds in 2019.

Debt-to-income ratios have exploded in the major metropolitan areas of Vancouver and Toronto in recent years. Last year the debt-to-income ratio was 208% for residents in Toronto and 242% for residents in Vancouver. The Bank of Canada has stated that it is acutely aware of the added pressure on consumers and homeowners and indicated that it will slow its tightening path in 2019. This is good news for homeowners and the market at large.

Today, we are going to look at two stocks that will be heavily reliant on the housing market in 2019 and beyond. TFSA investors should be eager to target high-yield dividend stocks during this volatile period. Both entities have been able to sidestep lower sales volumes on the back of improved margins due to interest rate hikes. Investors may be able to rely on a more balanced market this year.

Genworth MI Canada (TSX:MIC)

Genworth MI Canada stock has climbed 7.6% this month as of close on January 10. Shares are up 1.5% year over year. Genworth is a private residential mortgage insurer in Canada and has been one of the most lucrative dividend stocks to hold over the past three years.

The company is set to release its fourth-quarter results in early February. Genworth last announced a quarterly dividend of $0.47 per share, which represents a 4.4% yield. The company has delivered dividend growth for 10 consecutive years. Its yield and history of dividend growth were just some of the reasons I listed Genworth as my top housing stock back in the summer of 2018.

Although the housing market is facing headwinds, Genworth has already passed through turbulence when insured buyers were subject to a stress test in late 2016. Lower volumes are a concern, but higher premium rates will translate to improved margins in 2019.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

CIBC stock has increased 4% in January so far. Shares are still down 14% year over year. Like its peers, CIBC stock dipped into oversold territory in late December but has since rebounded nicely.

CIBC's mortgage portfolio was reported at $202 billion in the fourth quarter, which was down from $203 billion in the third quarter. Of that portfolio, $28 billion came from the Greater Vancouver Area and $63 billion came from the Greater Toronto Area (GTA). Numbers were flat year over year in Vancouver, and the GTA experienced a $1 billion increase from the prior year. CIBC reported $7 billion in originations, which was down from $12 billion in Q4 2017.

Toronto and Vancouver had a weak year in 2018 relative to performance over the past decade. A bounce back in 2019 would be welcome news for CIBC, as its typically strong mortgage book fell behind some of its peers last year. CIBC stock offers a quarterly dividend of $1.36 per share, which represents an attractive 5.1% yield. For income investors chasing high yields, CIBC is one of the best options among the Big Six.

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aocallaghan