3 Dividend Stocks to Grab as Central Banks Turn Dovish

Description

In December, the Bank of Canada (BoC) elected to hold the benchmark rate at 1.75%. The bank cited its need to digest recent policy decisions and wait out the impact of lower oil prices on the Canadian economy. In January, the BoC again pressed pause on rates and downgraded its growth expectations to 1.7% in 2019 instead of 2.1%.

The U.S. Federal Reserve also elected to hold the benchmark interest rate between 2.25% and 2.5%. The Fed reversal to a more dovish outlook in 2019 sparked a massive run on the stock market in early 2019. Oddsmakers are torn on whether the central bank will move up at all this year.

Income-yielding stocks that had thrived in an environment of historically low interest rates struggled in 2017 and much of 2018. However, this dovish turn has punished bond yields. Today, we will look at three equities in the utilities and telecom sector that are worth holding as central banks turn dovish.

Hydro One (TSX:H)

Hydro One provides electricity transmission and distribution to the province of Ontario. Shares of Hydro One were up 3.9% in 2019 as of early afternoon trading on February 7. The stock popped on the news that its **Avista** acquisition would not go forward due to an intervention from U.S. regulators.

Hydro One is set to release its fourth-quarter and full-year results on February 21. The company posted a strong third quarter, where favourable weather and improved corporate efficiencies led to adjusted earnings per share of $0.38. Hydro One stock last paid out a quarterly dividend of $0.23 per share, which represents a 4.3% yield.

Shares of Hydro One were trading at a premium on February 7. The stock had an RSI of 65 as of this writing, which is just outside overbought territory.

BCE (TSX:BCE)(NYSE:BCE)

BCE stock was up 6.7% in early afternoon trading on February 7. Shares had climbed 3% year over year. There is some justifiable anxiety for investors concerning BCE right now, as it awaits how the Canadian government will proceed on the Huawei file.

BCE and **Telus** have both relied on Huawei to provide infrastructure in their networks. The U.S. government is applying pressure on the Canadian government to bar Huawei from the development of the 5G network, citing security concerns. This will be a setback for BCE and Telus, but it will not be catastrophic.

BCE upped its quarterly dividend to $0.755 per share last year, representing an attractive 5.2% yield. Like Hydro One and other large caps on the TSX, BCE stock was also pricey as of this writing holding at an RSI of 63.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis stock was up 4.7% in 2019 as of early afternoon trading on February 7. Shares had climbed 15.6% year over year. The company is expected to release its fourth-quarter and full-year results on February 15.

Fortis last upped its quarterly dividend to $0.45 per share. This represents a 3.6% yield. Fortis has achieved dividend growth for 45 consecutive years. However, investors should keep in mind that Fortis also comes at a high price right now. The stock had an RSI of 71 as of early afternoon trading on February 7, indicating that it is overbought in early February.

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Author
aocallaghan