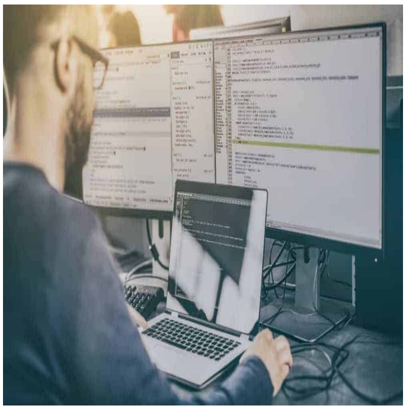

Income Investors: Should You Buy NFI Group Inc. (TSX:NFI) or Genworth MI Canada Inc. (TSX:MIC) Today?

Description

The S&P/TSX Composite Index fell 64 points on February 11. The TSX has climbed 8.7% in 2019 so far.

North American indexes have experienced an upsurge after central banks struck dovish tones at meetings in December and January. This worked to ease some anxiety for investors, but it should also change the landscape for those chasing income. Slower growth and fewer rate hikes often portend lower bond yields, which should drive many into equities that boast solid dividends.

Today, we are going to look at two stocks that boast over 4% dividend yields. Which is the better buy right now? Let's dive in.

NFI Group (TSX:NFI)

NFI Group is a Toronto-based automobile manufacturer. Shares of NFI have dropped 2.5% in 2019 as of close on February 11. The stock is down a staggering 40% year over year.

Back in January, I'd focused on stocks like NFI that have taken a hit in anticipation of slower economic growth. NFI released its fourth-quarter 2018 deliveries, orders, and backlog in January. At the end of fiscal 2018, NFI's total backlog was valued at $5.35 billion compared to $6.02 billion at the end of fiscal 2017. The company expects parts sales volumes to improve in 2019, but it is likely that these will still come in below historical averages.

NFI last paid out a quarterly dividend of $0.375 per share. This represents a solid 4.3% yield. The stock comes in at a neutral price if we go by its RSI as of this writing, which sits at 47.

Genworth MI Canada (TSX:MIC)

Genworth MI Canada is the largest private residential mortgage insurer in Canada. Shares have climbed 9.8% in 2019 as of close on February 11. The stock is up 7.8% year over year. Last summer, I'd explained why Genworth was my top housing stock to own.

The company released its fourth-quarter and full-year results for 2018 on February 6. For the full year, Genworth saw net income fall 14% from 2017 to $452 million. However, net operating income rose 2% year over year to $475 million. In Q4 the company reported a 39% decline in net income, which was due to losses on derivatives and foreign exchange as well as unrealized losses from falling interest rates. Still, 2018 was a strong year overall, especially considering the challenging housing environment in Canada.

In November 2018, Genworth hiked its quarterly dividend to $0.51 per share. This represents a 4.3% yield. The company has achieved dividend growth for 10 consecutive years.

As far as value is concerned, Genworth looks like the slightly pricier option among the two equites we have covered today. The stock briefly rose into overbought territory early February after the release of its Q4 earnings. It now boasts an RSI of 51, putting it in neutral territory.

NFI is the value pick in mid-February. Genworth appears more resilient, but income investors can probably add at a better price later.

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1. Investing

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