2 Dividend Stocks to Target in August

Description

Earlier this month, I'd discussed three dividend stocks that looked like bargains. A rout in the energy sector has put many top TSX stocks at or near 52-week lows in the month of July. There are many potential discounts in that sector, but today I want to focus on two dividend stocks outside it. One looks like a bargain, while the other looks like a must-buy after a solid quarterly report.

NFI Group

NFI Group (TSX:NFI) is North America's largest bus manufacturer. It was my top stock pick back in April 2019. Shares of NFI Group have dropped 11.3% in 2019 as of close on July 30. The stock has slumped since it released a less-than-stellar first-quarter 2019 earnings report on May 8.

The company is set to release its second-quarter 2019 results on August 6. However, it did release an orders and backlog snapshot for the quarter. Investors may want to brace for a disappointing Q2 2019, as NFI Group warned that supply delays, missed production days, and postponed customer inspections all contributed to a slump in overall deliveries. It expects higher deliveries in the second half of 2019.

NFI Group stock has a price-to-earnings ratio of 8.8 as of close on July 30. This is a favourable spot relative to industry competitors. Shares had an RSI of 23 at the time of this writing, putting NFI Group well into technically oversold territory. The company last announced a quarterly dividend of $0.425 per share, which represents an attractive 5.8% yield. Value and income investors should consider adding NFI Group at its discounted price point right now.

Canadian Utilities

Canadian Utilities (TSX:CU) is a member of the **ATCO** group of companies. It operates in the electric utility space. This past week, I'd discussed the reasons I'm still bullish on utility stocks in the second half of 2019. Barring a huge shock, it looks like the United States Federal Reserve will move forward on a rate cut on Wednesday. The Bank of Canada is determined to stand pat in 2019, but analysts expected a rate cut by the first half of 2020.

A softer rate environment is good news for utilities, which have thrived as bond yields have collapsed. Canadian Utilities is an elite option for its stability and decades-long run of dividend growth. In the second quarter, the company reported adjusted earnings of $126 million, or $0.46 per share, compared to $107 million, or $0.39 per share, in the prior year. The positive earnings report jolted Canadian Utilities stock out of technically oversold territory, but I still like the stock at its current price. It boasts a P/E below 20 as of close on July 30.

Canadian Utilities recently announced a quarterly dividend of $0.4227 per share. This represents a solid 4.7% yield. Best of all, the company has achieved a remarkable 47 consecutive years of dividend growth.

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2. TSX:NFI (NFI Group)

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