



TFSA Investors: 2 Cheap Dividend Stocks

Description

The fate of the TFSA may hang in the balance ahead of the next Canadian federal election. Before being voted out of power, the previous Conservative federal government increased the annual TFSA contribution limit to \$10,000.

The Liberals would reduce this to \$5,000 and have since upped it to \$6,000 in 2019. More TFSA room equals more room for flexibility. Today I want to explore an income-focused strategy.

In the spring and summer, I'd explored why investors may want to [target dividend stocks](#) after [oil entered a bear market](#). Energy stocks have rebounded in the late summer, but there are still bargains available for those seeking income.

Ag Growth International

Ag Growth International ([TSX:AFN](#)) stock has dropped 17% over the last three months as of close on September 11. Shares have fallen 3.7% in 2019 so far. Ag Growth is trading near its 52-week low, but should it be considered a buy-low opportunity?

The United States agricultural sector has been plagued by poor weather in 2019, but sales in Canada have remained strong. In the second quarter, the company reported a jump in trade sales to record levels.

Demand for portable farm equipment remained strong in the United States in the face of broader headwinds, and sales of commercial equipment in Canada surged due to investment in grain handling infrastructure.

Income investors should be interested in Ag Growth's monthly dividend payout. It declared dividends of \$0.20 per share in Q2 2019, representing a nice 5.5% yield. Ag Growth looks appealing on the value side as well. It boasts a price-to-earnings ratio of 18.4 and a price-to-book of 1.9.

Shares spent most of August and part of early September in technically oversold territory. Even after a

marginal uptick the stock still looks like a bargain buy today.

Enerflex

Enerflex ([TSX:EFX](#)) operates in the oil and gas sector. Shares have dropped 16.2% in 2019 as of close on September 11. Similar to Ag Growth, the stock has enjoyed a small rebound from a 52-week low, but it is still trading at the low end of its year long range.

In its second quarter report, Enerflex reported a \$236.2 million increase in revenue from the prior year in the year-to-date period, posting improvement across all product lines. The company reiterated its positive outlook for the full year in 2019.

U.S. and Canadian segment revenue climbed by \$108 million and \$54 million, respectively, compared to the previous year. Investors in Enerflex can look forward to an uptick in capital spending by the natural gas industry in the back half of 2019, which the company expects will drive bookings growth.

Shares of Enerflex possess a favourable P/E ratio of 9.4 and a P/B of 0.9. The stock has also recently climbed out of a stint in technically oversold territory. Enerflex announced a quarterly dividend of \$0.105 per share in its most recent quarterly report, which represents a 3.2% yield.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:AFN (Ag Growth International)
2. TSX:EFX (Enerflex Ltd.)

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Author

aocallaghan

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