



Top 2 Blue-Chip Stocks to Buy in January

Description

A blue-chip stock is a large company with a stellar reputation. These companies are almost always well established, large, and financially sound. Often the company has existed for many years, demonstrated a history of generating dependable earnings, and has solidified an impressive history as a dividend payer. Despite their reputation, blue-chip stocks are often ignored, as they do not boast the electric gains of riskier assets in sectors like technology.

Today, I want to look at my top two blue-chip stocks on the TSX. The Canadian economy slowed with much of the developed world in 2019. Markets have thrived on the back of stimulus and positive earnings, but there are still considerable risks in this environment. By investing in dependable blue-chip stocks, investors can secure their portfolio to start this decade.

Royal Bank

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) is the largest financial institution in Canada, and the largest stock on the S&P/TSX Composite Index by market cap. At the end of 2018, the bank boasted over \$1.2 trillion in total assets. The stock has climbed 15% year over year as of close on January 8.

In the spring of 2019, Royal Bank was one of the three Canadian banks [specifically mentioned](#) by Steve Eisman. Eisman is a money manager who was made famous in the book and later film *The Big Short*. At the time, I'd suggested that Royal Bank's valuation was high. Shares retreated into the late spring and summer but would rebound to all-time highs in the fall.

The bank reported record earnings of \$12.9 billion in 2019. Diluted earnings per share increased 5% to \$8.75. Its Wealth Management segment led the way with 13% earnings growth.

Royal Bank last paid out a quarterly dividend of \$1.05 per share. This represents a 4% yield. The bank has delivered dividend growth for eight consecutive years.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) boasts the third-largest market cap on the TSX. It is the largest energy infrastructure company in North America. Shares have increased 21% from the prior year. It was one of my [top picks to start the new year](#).

Investors can expect to see its fourth-quarter 2019 results in February. In the year-to-date period, GAAP earnings have climbed to \$4.5 billion, or \$2.27 per share, compared to \$1.4 billion, or \$0.84 per share, at the same time in 2018. Enbridge is well positioned after scoring several key regulatory wins over the past two years.

The stock has achieved average annual returns of 11% over the past 10 years as of close on January 8. Shares were trading close to 52-week highs at the time of this writing, so value investors may want to wait for a pullback before pulling the trigger. Still, Enbridge is one of the top dividend payers on the TSX. It currently offers a quarterly dividend of \$0.738 per share, which represents a 6.2% yield. Enbridge has delivered dividend growth for 24 consecutive years.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:ENB (Enbridge Inc.)
4. TSX:RY (Royal Bank of Canada)

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