



Value Investors: 2 Cheap Canadian Dividend Stocks for Your TFSA Pension Fund

Description

The stock market is finally giving investors a chance to pick up some top companies at reasonable prices.

This is helpful for Canadians who are taking advantage of the latest \$6,000 increase to their Tax-Free Savings Account (TFSA) contribution limit to build a diversified portfolio to help cover their expenses in retirement.

Let's take a look at two **TSX Index** giants with attractive [dividends](#) that might be interesting picks today.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) is Canada's largest integrated energy company with businesses that span the full range of the hydrocarbon value chain.

Suncor's massive oil sands operations compose the largest part of the company, which will continue to be the case in the coming years. The firm is expanding its offshore oil operations, with the completion of the Hebron project marking a milestone for Suncor in that segment.

In the downstream segments, Suncor operates four large refineries and roughly 1,500 retail locations that consumers know as Petro-Canada. These businesses are the key reason why Suncor's share price and cash flow held up reasonably well during the worst of the oil downturn.

When oil prices fall, input costs drop for the refineries, which means the margins the company can generate on the finished products have the potential to be much higher, depending on market prices. Suncor produces asphalt, gasoline, diesel fuel, and jet fuel.

The dip in oil prices in the past few weeks has triggered a pullback in energy stocks. Suncor trades at \$41.50 per share at writing compared to \$45 two weeks ago. At the current price, investors can pick up a solid 4% dividend yield.

The company officially increased its share buyback plan in December, and investors should see a generous dividend increase in 2020.

Progress is being made on the Trans Mountain and Keystone XL pipelines. Assuming at least one of the projects gets built, Suncor should benefit from increased access to markets outside the country.

Nutrien

Nutrien is a global leader in the production of potash and a major supplier of nitrogen and phosphate. The products, known as crop nutrients, are essential for global growers to get maximum yields from their farms.

Commodity stocks are always at risk of being hit by unexpected events, which is exactly what happened to Nutrien in the past year. A very wet spring in the United States put a dent in sales, as farmers missed planting dates or planted less crops than in previous years.

In India, the important monsoon rains arrived late, creating another drop in fertilizer sales. This, combined with weak palm oil prices in Malaysia and Indonesia are further impacting the market. To make a bad situation worse, China suspended potash imports last September.

In response, Nutrien temporarily shut down some production to adjust output to the lower demand. In recent days, the stock fell to new 12-month lows on fears connected to the coronavirus outbreak.

At the time of writing, the stock is starting to bounce back, but Nutrien still appears oversold. The share are trading at \$57.50, compared to more than \$75 in 2018.

Demand should rebound in 2020 as customers work through existing supplies. Farmers need the products and commodity prices will eventually rebound. In the meantime, investors can pick up a decent 4% dividend yield while they wait for the recovery.

The bottom line

Suncor and Nutrien look cheap today and could generate impressive returns for buy-and-hold investors searching for top stocks to add to a balanced TFSA retirement fund.

The recent market pullback has served up several attractive buying opportunities, and some stocks are getting very cheap.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)

2. NYSE:SU (Suncor Energy Inc.)
3. TSX:NTR (Nutrien)
4. TSX:SU (Suncor Energy Inc.)

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