Market Crash: 2 Top TSX Index Dividends Stocks for RRSP Investors Today

Description

The market crash is finally giving RRSP investors a chance to buy top Canadian dividend stocks at discounted prices.

Oversold stocks

The **TSX Index** plunged more than 35% from the 2020 high to the March low. A recovery now appears to be emerging as bargain hunters scoop up oversold stocks with strong long-term revenue and earnings profiles. While analysts expect the volatility to continue, Tax-Free Savings Account (TFSA) investors might want to start nibbling on top stocks.

Let's take a look at two companies that might be interesting dividend picks right now for a buy-and-hold RRSP.

Nutrien

Nutrien (TSX:NTR)(NYSE:NTR) is the planet's largest producer of potash and a leading supplier of phosphate and nitrogen. These products are essential fertilizers used by global growers to get better yield from their farms.

Population estimates indicate the number of people on the planet will grow from 7.8 billion in 2020 to 10 billion by 2050. At the same time, urban development is wiping out important farmland, which means farmers will have less arable property to meet rising food demand.

That scenario bodes well for Nutrien.

The company also has retail operations that supply global growers with seed and crop protection products. In addition, Nutrien's digital solutions help clients manage their businesses more efficiently.

Nutrien's share price fell through 2019 amid delayed orders due to a wet spring in the United States and a late monsoon in India. China suspended potash imports in the fourth quarter, adding to the pain.

The arrival of the coronavirus made the situation worse. At the March 2020 low, Nutrien traded for close to $36 compared to the 12-month high above $72.

The shares have moved higher over the past three weeks and currently trade at $50 and the divided provides a 5% yield.

If you are searching for a stock to buy now and forget for 20 years, Nutrien appears attractive today.

CIBC

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is Canada's fifth-largest bank.

Investors often skip CIBC in favour of its peers due to concerns it carries more risk during an economic downturn. It is true that CIBC has a significant exposure to the Canadian residential housing market. As job losses increase, people are finding it difficult to make their mortgage payments.

A wave of defaults and a sharp rise in listings on the housing market could send house prices plunging, which would certainly be negative for CIBC and the other lenders.

We have no idea what will occur in the coming months. However, CIBC should come through the downturn in decent shape. The government is rolling out programs to put cash in people's pockets and encourage businesses to keep employees on the payroll.

Emergency loan programs should mitigate the damage, with some analysts suggesting that an economic rebound could begin in late 2020.

CIBC has a strong capital position, enabling it to ride out the crisis. The bank is very profitable and the CEO recently said that the bank isn't considering a cut to the dividend. The bank maintained the payout through the Great Recession. In that crisis, CIBC had to write down billions in bad bets on subprime loans, and the bank's situation isn't as dire in 2020.

The stock briefly dropped below $70 in March and is now back above the $80 mark. This is still well off the 2020 high around $110. Investors who buy now can pick up a 7% yield.

The bottom line

Nutrien and CIBC appear oversold and should be solid holdings for a self-directed RRSP. Additional volatility could be on the way, but a retest of the 2020 lows is unlikely and investors get paid well to wait for the global economy to recover.

CATEGORY

1. Bank Stocks
2. Dividend Stocks

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:NTR (Nutrien)
3. TSX:CM (Canadian Imperial Bank of Commerce)
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