TSX Stocks: 2 Canadian Blue-Chips Yielding Up to 9%

Description

Top **TSX** stocks are up more than 25% since their recent lows, but it still does not quite feel like a persuasive market rally. It will be interesting to see whether these winners can hold on to their recent strength through the earnings season.

Let's take a look at TSX stocks with high yields that stood strong in the last financial crisis. These blue-chip stocks continue to look attractive from the valuation standpoint even after their recent rally.

Top TSX stock: Canadian Natural Resources

One of the largest oil producers in the country **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) currently offers a dividend yield of 9.4%. The juicy yield and stock near multi-year lows indeed make it an attractive investment bet for value investors.

But given the substantial weakness in energy markets, is it safe to consider this TSX energy stock at the moment? Will it continue to pay dividends? Or is a payout cut on its way?

The low-cost oil producer Canadian Natural cut its capital spending for 2020 last month while maintaining its dividends. With approximately $5 billion cash and equivalents at hand, the company clarified that it is well positioned in the current COVID-19 situation.

However, investors should pay close attention to any announcements from the energy company in the near future. Even though CDN Natural maintained its dividends last month, the brutal selloff in crude oil this week could substantially change the equation.

CDN Natural indeed looks stronger compared to peers due to its strong balance sheet, but a probable dividend cut cannot be totally ruled out. Investors should note that CDN Natural continued to increase dividends during the 2008 financial crisis.

The crude oil might reach some respectable levels in the second half of 2020 if lockdowns are released and oil consumption increases. Until then, the earnings of oil producers such as CDN Natural might remain under pressure.

Top TSX stock Canadian Natural is currently trading almost 60% lower to its 52-week high of $43. A faster-than-expected recovery on the pandemic front and some stability in crude oil prices could push the stock closer to those levels again.

Bank of Nova Scotia

With $64 billion of market capitalization, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is the third-biggest among the top five banks in the country. After a decent recovery in the last few weeks, this TSX stock is still 30% lower to its 52-week high.

It is currently trading at a dividend yield of close to 7%, much higher than that of the broader markets. The stock looks attractive mainly due to its juicy yield and a discounted valuation.

The recent selloff in the Bank of Nova Scotia was evident because pandemic-driven lockdowns will create a weakness on its bottom line. The bank seems well placed to emerge stronger after the crisis mainly due to its solid fundamentals and diversified earnings base.

Scotiabank has a long dividend payment history and notably, it had not cut its payout during the last financial crisis. Thus, investors can count on its dividends this time as well.

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