



Income Investing: Weekly Dividend Raises

Description

Income investing has been a staple for decades. In recent years, the dividend-growth strategy has grown in popularity as record-low interest rates make bonds and GICs much less attractive. As a result, several retail investors adopt this investing strategy as a means to build strong and sustainable income.

There are two types of dividend-growth stocks: Canadian Dividend Aristocrats and up-and-coming Aristocrats. In Canada, Aristocrats are companies that have raised the dividend for at least five consecutive years.

Recently, the pace of dividend growth has slowed. In light of the pandemic and the economic shutdowns, companies are actively preserving cash. Given this, the pace of dividend cuts is far outpacing dividend growth.

[Yesterday](#), we identified the two Canadian income stocks that cut dividends last week. Today, we look at two companies that recently [bucked the trend](#) and announced dividend increases.

	Old	New	Percentage	Date
B2Gold (TSX:BTO)(NYSE:BTG)	\$0.01	\$0.01	100.00%	06/12/2020
Empire Company (TSX:EMP.A)	\$0.12	\$0.13	8.30%	06/18/2020

A Canadian Dividend Aristocrat

Empire Company is one of the largest grocery chains in the country. Given its status as an essential service, it is not surprising that the company was able to announce a dividend raise in this environment.

Not only is it reliable in this environment, it has been one of the premier income stocks in the country over the past quarter century. On Thursday, Empire announced an 8.30% raise, which extends the company's dividend-growth streak to 26 years. This is tied for the seventh-longest streak in the country.

This year's raise is also a few percentage points higher than the company's historical growth rate. In 2020, the company's share price is up 7.75%, which is far outpacing the 9.06% loss posted by the S&P/TSX Composite Index.

A senior gold producer

The gold industry is another that is doing really well. Long considered a safe haven in times of volatility, gold is living up to its status as a defensive investment. The price of gold is up by 14.53% in 2020 and is now trading just above \$1,700 an ounce.

At these prices, producers are generating considerable cash flow, and producers such as B2Gold are returning to dividend growth. B2Gold only recently began paying a dividend, and on Friday, June 12, it announced its first dividend raise. The penny-per-share raise is equal to a 100% increase. Of note, B2Gold pays the dividend in U.S. dollars.

At today's gold prices, income investors have plenty to look forward to. The company increased production for the 11th consecutive year, and all-in sustaining costs (AISCs) were only \$862 per ounce in 2019; management is expecting AISCs to drop further in 2020.

Given this, it is likely the company will grow the dividend, even if the price of gold weakens. It is quickly establishing itself as a reliable income stock.

Are these income stocks a buy today?

Both companies make for excellent defensive investments. Empire is one the closest investors will get to guaranteed dividend income. Expect mid-single-digit dividend growth for years to come.

After the price of gold cratered earlier in the decade, producers worldwide slashed dividends. Not surprisingly, income investors are a little more skeptical. However, these are not the producers of years past. They have much lower debt profiles and have spent years reducing costs. Given this, gold stocks such as B2Gold are worth another look.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSEMKT:BTG (B2Gold Corp.)
2. TSX:BTO (B2Gold Corp.)

3. TSX:EMP.A (Empire Company Limited)

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Date

2025/07/21

Date Created

2020/06/23

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