



1 Rich Dividend Stock to Buy and Hold Forever

Description

Paying a meaty 8.8% dividend based on a share price of \$17.42, **Russel Metals** ([TSX:RUS](#)) is one of the richest-yielding stocks on the TSX. A play for infrastructure, construction, and North American industry as a whole, this stock is more diversified than meets the eye. Here's why Russel Metals is also a better pick for 2020 than nine out of 10 other high-yielding Canadian dividend stocks.

Forget energy and financial stocks this summer

2020 is tough. Banking is tanking. Energy is anything but energetic. Insurance brings very little assurance. As such, any dividend yield on offer from a company in these sectors in 2020 should be taken with a big pinch of salt. So, that's the majority of high-yield dividend stocks ruled out for low-risk investors. This is especially the case for those investors with near-term financial goals, such as retirees.

If you *are* focused on the near term, August 1 might prove to be one of the dates upon which the markets pivot in 2020. This is the date that Democratic presidential nominee Joe Biden is slated to announce his presumptive pick for VP. Stock markets don't deal well with surprises. And whoever Joe picks in just over a week is likely to be divisive. However, Russel Metals might be a solid choice come next month.

Metals investors should keep an eye on headlines. Whoever Joe Biden picks as his second in command is likely to resonate with his base. This is likely to cause [turbulence in the markets](#)—especially so if Republican voters sense the tide turning against the current occupant of the White House. Either way, August 1 could be a good day for Canadian metals depending on how the media handles the announcement.

A coming boost for Canadian metals stocks?

Now, tariffs are less of an issue for Russel Metals than they would be for a metals producer exposed to cross-border trade. As a stock that doesn't rely heavily on cross-border trade, Russel Metals is [better placed than most](#) to thrive during a trade dispute. However, looking at this stock's valuations, it's likely

(from a P/B of 1.1 times book, for instance) that investors have nevertheless tarred it with the same brush as trade-reliant producers.

Industrials rose on a relief rally last week when some positive early news boosted vaccine bulls. So that's one point to metals stocks. Point two is awarded for Russel Metals simply being a metals stock in a U.S. election year. A Democrat win could see the end of protectionist measures that have been weighing on Canadian metals as well as other key materials.

Since cross-border trade could become easier under a Democrat administration, Russel Metals could see a knock-on lift from a Biden win in November. But don't hold your breath. The potential for electoral chicanery abounds. The markets may also disapprove of anything but a Republican win. After all, profound change is kryptonite to stock markets. Accordingly, investors should carry on balancing portfolios with safe havens and liquidity.

CATEGORY

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