TFSA Investors: 3 Top Dividend Stocks on Sale in August!

Description

Despite the gains we've witnessed recently, a number of quality **TSX** stocks remain on sale. With investors rushing into so-called "COVID-proof" stocks, companies that got beaten down by the pandemic remain unpopular. However, the economic recovery from COVID-19 is proceeding apace, and many of these beaten down stocks have a chance to rise.

Energy stocks, in particular, appear well positioned, with oil prices climbing back after their April doldrums. There are also opportunities in banking and retail if you know where to look. With that in mind, here are three top Canadian dividend stocks to consider in August.

Enbridge

Enbridge Inc (TSX:ENB)(NYSE:ENB) is a Canadian energy stock that got beaten down badly in the COVID-19 market crash. Being an energy company, it's not hard to see why. Oil prices tanked in the early months of the pandemic, and West Texas Intermediate (WTI) futures even briefly went negative.

In the midst of all this, Enbridge released earnings that looked grim on the surface but realistically weren't all that bad. In Q1, the company posted a $1.4 billion GAAP net loss but $1.6 billion in *adjusted* earnings. In this case, the adjustments were justified, because the GAAP loss was due to non-recurring, non-cash factors like impairment charges.

In Q2, the company delivered $1.6 billion in GAAP profits. So even if you think the company's Q1 GAAP loss was bad, you've got to consider the Q2 recovery and still-cheap stock. Oh, and did I mention that Enbridge has a whopping 7% dividend yield?

TD Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is another stock that got beaten down badly in the COVID-19 market crash. It fell 35% from top to bottom, but has since recovered somewhat. Similar to most banks, TD is facing increased risk factors due to COVID-19.

As a result, its provisions for credit losses (PCL) are on the rise. On paper, this resulted in a 50%+ earnings decline in the most recent quarter. However, that was not because of cash losses. Credit losses may not materialize; if they don't, then TD will be able to reverse its PCL in the future. If that happens then its earnings will jump, and the stock will look cheap at today's prices.

Canadian Tire

Canadian Tire Corp (TSX:CTC.A) is one retailer that got hit hard by COVID-19. Faced with lower gas sales and social distancing orders, its earnings really took a hit in the first quarter. Now, however, both of these factors are starting to die down. Gas consumption and prices are both up from April, while social distancing orders are being relaxed in many cities.

As a result of this, Canadian Tire may see its business come back to life in the year ahead. In the meantime, its stock price remains historically low, providing a good opportunity to accumulate it before it inevitably bounces back to life.

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2. NYSE:TD (The Toronto-Dominion Bank)
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