Top 4 Blue-Chip TSX Dividend Stocks for Beginners

Description

It’s always a great idea to create your own passive income stream instead of depending on government benefits. Some well-known Canadian dividend stocks can create such a passive income stream, which can continue for years.

Let’s take a look at four stable, blue-chip **TSX** dividend stocks to buy in October.

Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY) stock is one of the best ways to bet on the Canadian economy. Even if it faces near-term pressures due to the pandemic, it offers matchless stability over the long term. It is the biggest bank in Canada and serves more than 17 million customers across the globe.

Royal Bank stock yields 4.5% at the moment, higher than **TSX** stocks at large. As economic recovery is expected to stall amid the second wave of the virus, RBC stock might feel the pinch as well.

However, relatively higher credit quality and diversified revenue base might limit the impact on its bottom line. The stock is still trading 10% lower from its pre-COVID levels and looks attractively valued at the moment.

Fortis

Top utility stock **Fortis** (TSX:FTS)(NYSE:FTS) has increased its shareholder payouts for the last 46 consecutive years and yields 3.7%. Although the yield is not significantly higher, its long-term payout history is certainly comforting.

Fortis generates almost entire of its earnings from regulated operations, which facilitates steadier dividends. Also, regulated operations provide earnings predictability and visibility. Fortis plans to increase dividends by 6% per year for the next few years.

Even if utilities are perceived as boring and slow-growing, they can beat broader markets over the long term with their stable dividends. Utility stocks like Fortis generally outperform in bear markets.

Notably, during the recent market weakness in September, the **TSX Index** lost more than 5%, while Fortis managed to gain almost 7%.

BCE

BCE (TSX:BCE)(NYSE:BCE) is another stock for investors who are seeking reliable and stable dividends for years. This $50 billion communications company offers internet, mobile, and TV services to Canadians.

Notably, the advent of 5G technology will provide companies like BCE a huge growth platform in the next few years. The telecom sector will be at a whole new level with this game-changer 5G technology and BCE is a great way to play the 5G rally.

BCE stock yields 6% at the moment. Low interest rates generally benefit telecom stocks as income-seeking investors turn to relatively high-yielding areas. Also, telecoms are asset-heavy businesses and carry a lot of debt on their books. Thus, lower interest rates lower their debt servicing costs and improve profitability.

TC Energy

Though energy markets have been depressed from the last few years, it is not prudent to shun the entire sector. Some of the energy midstream names like **TC Energy** (TSX:TRP)(NYSE:TRP) still offer value with their earnings and dividends stability.

The oil and gas pipeline company has a low-risk business model that generates a large portion of its earnings from fixed-fee operations. Even if oil and gas prices remain volatile, TC Energy’s earnings remain relatively stable.

TC Energy stock yields 5.6%, much higher than TSX stocks at large. The stock has soared more than 20% from its record lows in March and has underperformed broader markets. Notably, it is currently trading at a discounted valuation and might continue to see upward movement in the short to medium term.

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