2 Top Dividend Stocks to Help You Retire Rich

Description

The recent pullback in the stock market gives savvy investors an opportunity to buy top dividends stocks at cheap prices.

Buy-and-hold investors can take advantage of the dip to pick up better yield and boost the power of compounding by investing dividends in new shares. Over time, the snowball effect can build significant wealth for retirement.

Why is Bank of Nova Scotia a buy today?

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is Canada's third-largest bank by market capitalization. The bank gets the majority of its revenue and profits from the Canadian business but also has a large international group focused on Latin America.

COVID-19 continues spread, and this puts added pressure on the global economy. Bank of Nova Scotia's businesses in Mexico, Peru, Chile, and Colombia took a big hit in the past six months. The international group normally accounts for roughly a third of Bank of Nova Scotia's adjusted net income. Large provisions for credit losses (PCL) in the group essentially wiped out earnings in the division in fiscal Q3 2020.

Near-term challenges remain, but Bank of Nova Scotia has the capital to ride out the pandemic. The Canadian business remains very profitable, and Bank of Nova Scotia's dividend should be safe.

The stock trades at a large discount to the other big Canadian banks. At this point, the difference looks overdone, giving investors a chance to pick up the shares of a top dividend stock at a bargain. Bank of Nova Scotia's stock price is currently near $56 per share. It was above $74 in February, so the upside potential is significant.

Investors who buy today can pick up a 6.4% dividend yield.

Top dividend: Is Enbridge stock too cheap to ignore?

Enbridge (TSX:ENB)(NYSE:ENB) is a giant in the North American energy infrastructure industry. It transports 25% of the oil produced in the U.S. and Canada and moves 20% of the natural gas used in the United States.

The oil crash this year hurt throughput on the core oil pipelines. These assets normally operate near capacity, but the drop in fuel consumption due to the pandemic means refineries need less crude oil feedstock until demand for jet fuel, gasoline, and diesel fuel recovers.

Enbridge's utility assets are still performing well, helping offset the temporary downturn in the oil pipelines. Once COVID-19 vaccines are widely available, economic activity should return to normal.

The company has a strong balance sheet and continues to progress a portfolio of growth projects. Enbridge's dividend looks safe, and the stock now offers a yield of 8.4%.

Enbridge stock trades close to $38 per share. The drop from the 12-month high of $57 appears overdone. Five years from now, investors should see the stock trade much higher.

The bottom line

Bank of Nova Scotia and Enbridge are top dividend stocks that offer above-average yields. The shares trade at cheap prices right now, giving investors a chance to buy great companies at a discount.

If you have some cash available in your TFSA or RRSP today, these top stocks deserve to be on your dividend radar.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Investing

Date
2025/08/17
Date Created
2020/10/15
Author
aswalker