3 Dividend-Growth Stocks to Stash Away for December

Description

This December, stocks definitely aren't as cheap as they used to be. Since recovering from the March stock market crash, the TSX has gone on to set new highs. At this point, some stocks are starting to get downright pricey.

However, there are still some quality stocks out there — particularly dividend stocks. "Traditional stocks," in many cases, remain down from their pre-COVID highs and have a lot of upside in the event of a vaccine release. These stocks can be good buys at today's prices. The following are three such stocks to consider buying in December.

CN Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) is a dividend stock that does not have the highest yield *but* has had phenomenal dividend growth over the years. Over the past five years, its dividend-growth rate has been 15.5% annualized. If that keeps up, then your yield on cost will double in approximately five years.

CN Railway stock has actually done well this year, despite earnings declining in the second and third quarters. This probably because investors know the company's long-term track record of coming out of crises bigger and better than ever. By the way, CNR is already starting to show signs of recovery, with carloads and RTMs up year over year in the fourth quarter.

Royal Bank

Royal Bank of Canada (TSX:RY)(NYSE:RY) just released earnings and they beat analyst estimates by 20%. These were the first 2020 earnings by any Canadian bank where EPS was up year over year. Specifically, it was up 1%.

That's not a *huge* gain, but considering RY is a bank, it's a pretty good result for 2020. Banks saw their risks increase because of COVID-19 and had to raise provisions for credit losses (PCLs) as a result. In the fourth quarter, RY decreased its PCLs considerably. As a result, it was able to post positive earnings growth. The stock yields 4% and the dividend appears sustainable at today's earnings level.

Canadian Tire

Canadian Tire (TSX:CTC.A) is one stock that got beaten down badly by COVID-19 and then recovered like a beast afterward. The stock is now up 126% from its March low, making it a play that you could have doubled your money on this year. Of course, those returns aren't going to continue long term. CTC.A is now above its pre-COVID price levels, so it won't continue rocketing forward like it has been.

Nevertheless, it's a solid dividend play. Canadian Tire only yields 2.9% now, but it's backed by an astounding 18% dividend growth rate. That dividend growth may slow in the future, but the company should keep raising its payouts to one extent or another.

Over the years, Canadian Tire has consistently rewarded patient dividend investors. Today, with its e-commerce business booming, that looks set to continue. Overall, it's a great dividend play for December 2020.

CATEGORY

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TICKERS GLOBAL

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:CTC.A (Canadian Tire Corporation, Limited)
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