4 Top TSX Dividend Food Stocks to Buy Today

Description

Defensive stocks don't get much stronger than food producers and retailers. Consumer staples picks have been consistently popular during the past 12 months of high volatility on the markets. But there could be future growth as well as defensive passive income on offer from some of these stocks. Read on to find out why names like **Saputo** (TSX:SAP) are buys right now.

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Look for defensive market penetration

Loblaw Companies casts a wide net over Canadian grocery retail. Comprising such names as Loblaws, No Frills, and Shoppers Drug Mart, Loblaw has the market cornered pretty comprehensively. A dividend yield of 2% is on offer, with a reassuring payout ratio of 45%. Value could be better, as suggested by a P/B ratio of 2.1 times book. However, high-end consensus price targets see this $65 stock breaking $105 given optimal conditions.

Pick up shares in **Maple Leaf Foods** if you happen to be in the market for access to meat production. A 2.2% dividend yield is about par for the course when it comes to consumer staples stocks on the TSX. Valuation is also a touch better than some competing names in this space.

This can be seen in Maple Leaf's price to book of 1.8. Additionally, the potential for capital gains is palpable here: A $28 share price could balloon to as much as $45 a pop given the right circumstances. Even a conservative reading sees shareholders enjoying 34% total returns by mid-decade.

Mix and match food industry exposure

The aforementioned Saputo is the main play for dairy exposure in a TSX stock portfolio. A 1.9% dividend yield is on the moderate end of the scale. However, a 47% payout ratio suggests similarly good overage to Loblaw's distribution.

Value-wise, Saputo is also in similar territory. Investors should compare Saputo's $37 share price, which shakes out at 2.3 times the company's book value. At the end of the day, though, a high price target consensus of $49 sees Saputo having less capital gains potential than Loblaw.

Nutrien (TSX:NTR)(NYSE:NTR) belongs on any list of consumer staples. Selling at around half its fair value, but with 32% earnings growth potential, Nutrien is a standout stock. This isn't your average consumer staples pick. Shelling out a 3.7% dividend yield, it's a richer passive-income play than many competitors. A 1.2 P/B ratio also undercuts its consumer staples peers.

Nutrien could turn into a growth stock in coming years. The precision farming method is likely to become *de rigeur* not only in the developing world but globally. As climate change and matters of economic stability dominate policymaking, agriculture will become increasingly focused on efficiency. As a major player in agri inputs, Nutrien is well positioned to capitalize on a shift in methodology.

Mixing and matching some of these consumer staples stocks could be a strong play. Overexposure can often be an issue for investors. That said, though, the operations of Saputo, Loblaw, Maple Leaf, and Nutrien tend not to overlap too much. And with consumer staples being a classic low-risk asset, there could be room for more than one such pick in a stock portfolio.

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3. TSX:SAP (Saputo Inc.)

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2025/07/26
Date Created
2020/12/15
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