3 Canadian Dividend Stocks to Grab in April

Description

We're heading into April, and value stocks have never looked better than they do now. As of this writing, the NASDAQ was negative for the year, while the value-heavy TSX Index was up 6.3%. The Dow — also consisting of mostly value stocks — was up 7.5%. This was all predictable. In 2020, tech stocks rallied enormously, because the pandemic disproportionately harmed "traditional" industries. Banks, energy, and especially airlines suffered. Now, however, we're beginning to turn the corner on the pandemic, and investors are sector-rotating into value. In this environment, value stocks and dividend stocks have considerable upside. In this article, I'll explore three Canadian dividend stocks worth researching in April.

Canadian Pacific Railway

Canadian Pacific Railway (TSX:CP)(NYSE:CP) has been in the news lately in a big way. It recently announced a $25 *billion* deal to acquire **Kansas City Southern**, one of the biggest deals involving a Canadian company in recent memory. Canadian Pacific's deal will give it access to Mexico, creating a whole new corridor for exporting bitumen.

With or without this deal, CP Rail is a great company. Over the last five years, it has achieved a 12.57% annualized growth rate in net income, and a 16.43% annualized growth rate in EPS. In its most recent quarter, its earnings grew 23%, despite slightly lower revenue. The stock pays a dividend that yields 0.56%. It's not the highest yield on earth, but there is plenty of growth potential.

Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY) is Canada's largest bank. Like most banks, it got hit hard in the COVID-19 market crash. Faced with increased credit risks and low interest rates, its stock fell 28%. That was largely thanks to its second quarter 2020 earnings, which declined 54%. Later, however, the company began to recover. By its most recent quarter, its earnings were up 11% year over year. That's significant, because the quarter a year prior to the most recent one was pre-COVID.

That means the company is now growing relative to not only its COVID lows but even to its numbers in the prior period, which saw strong economic growth. Its stock currently yields 3.73%, which is pretty high but not as high as it was for most of last year, as the stock has been gaining from the COVID-19 recovery.

Canadian Tire

Last but not least, we have **Canadian Tire** (TSX:CTC.A). This is one stock that handsomely rewarded investors who'd bought the dip in the COVID-19 market crash. Faced with retail closures and lower gas prices, the company was really struggling at one point. Later, however, gas sales recovered and CTC.A figured out how to make e-commerce work. At one point, its online sales popped by 400% year over year. In its most recent quarter, same-store sales were up 9.5% and earnings were up 51% year over year. These stellar results were driven by phenomenal growth in e-commerce, which rose 179% year over year. CTC.A's stock yields 2.68%, which is pretty good for a company with such strong growth metrics.

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