2 of the Best Dividend Stocks in Canada to Buy on Sale

Description

Nobody knows if the markets will plunge into a correction or continue higher into year's end. Still, even if we're already in the early stages of one right now, you should not let the best dividend stocks pass you by because of what some talking head on TV said.

As an investor, you should resist the urge to time near-term market moves. Instead, you should be ready to scoop up the bargains that you do see, regardless of what anybody thinks Mr. Market will do next.

Not even the great Warren Buffett knows where the **S&P 500 Composite Index** will be tomorrow, next week, next month, or next year. What he and many great investors *do* know is that stocks tend to go up over the long haul. Over the next decade and beyond, the broader markets will probably climb higher. And if you're looking to grow your wealth for the long term, you need not wait for the market bottom because odds are it'll come and go without giving you a chance to get in.

In this piece, we'll have a look at two of the best Canadian dividend stocks that look to be on sale right now.

Suncor Energy: Warren Buffett sold, but you should buy

Suncor Energy (TSX:SU)(NYSE:SU) is a terrific integrated oil company that's been under pressure of late. The company had to reduce its dividend last year, but with the tides turning in favour of the fossil fuel plays, Suncor will be in a position to deliver big frequent, generous dividend hikes as it continues its ascent out of those ominous early 2020 lows.

The stock trades at 1.2 times book and 1.6 times sales, both of which are on the lower end of the historical range. As oil prices continue to rise, I find it more than likely that SU stock will follow suit as it climbs toward its pre-pandemic highs that are still so distant.

Analysts seem pretty bullish on the stock, with the Street-high price target of nearly $45, implying over 55% worth of upside from today's prices. Although Warren Buffett has thrown in the towel on the stock, the name is one of the more undervalued dividend stocks out there. The name boasts a 2.9% yield that's well positioned to grow at an above-average rate on the other side of this pandemic.

Restaurant Brands International: A sleeper of a dividend stock

Restaurant Brands International (TSX:QSR)(NYSE:QSR) is a Canadian reopening play I think many investors are sleeping on. Shares recently pulled back 6%, surrendering the modest gains posted after a solid round of earnings results and for no real good reason.

With a juicy 3.2% dividend yield, Restaurant Brands is one of the most bountiful quick-serve restaurant plays out there today, and I think it's also one of the most undervalued given the post-pandemic growth potential of its powerful chains in Tim Hortons, Burger King, and Popeyes Louisiana Kitchen.

The stock trades 6.3 times sales, 8.7 times book, and 20.9 times next year's expected earnings. Although growth has decelerated to the low single-digits in recent years, it's important to remember that restaurants took the brunt of the damage during the pandemic.

Restaurant Brands is still very much a growth play. As lockdowns are lifted and management puts its foot back on the gas, I'd look for the dividend stock to make a move to new highs.

CATEGORY

1. Investing

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1. NYSE:QSR (Restaurant Brands International Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)
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Date
2025/07/21
Date Created
2021/05/18
Author

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