



The 3 Best Canadian Stocks to Buy for July 2021

Description

Investors looking for steady returns can consider purchasing blue-chip Canadian stocks such as **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), and **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)).

All three companies enjoy a leadership position in their respective industries, allowing them to generate predictable cash flows and support robust dividend yields.

Toronto-Dominion Bank

One of the largest companies in Canada, TD Bank is valued at a market cap of \$159.5 billion. In the fiscal second quarter of 2021, it reported adjusted earnings of \$3.775 billion, or \$2.04 per share, compared to earnings of \$1.6 billion, or \$0.85 per share, in the prior-year period.

The bottom line of banks was impacted in the last year due to high provisions for credit losses. As unemployment levels touched multi-year highs amid the pandemic in May 2020, banks deployed significant reserves to offset the possibility of bad debts and defaults. However, as the economy mounts a comeback, earnings are forecast to rise in 2021. In fact, TD Bank is expected to improve its earnings by 42.5% to \$7.64 per share in fiscal 2021.

TD has over \$1.73 trillion in assets and [a sizeable operation](#) south of the border. As of June 2020, it had 1,227 branches in 16 U.S. states, while its deposits totaled \$351 billion. The banking giant has enough liquidity to consider big-ticket acquisitions. Further, analysts also expect TD Bank and its peers to increase its dividend yield by a significant margin once these restrictions are lifted. Currently, TD stock provides a forward yield of 3.6%.

Enbridge

Enbridge is part of a cyclical industry but remains relatively immune to commodity prices. It has a diversified base of cash-generating assets with a fee-based business model and an expanding portfolio

of renewable energy projects. The company's cash flows are backed by long-term contracts that have allowed it to increase dividends at an annual rate of 10% in the last 26 years.

Currently ENB stock provides investors with a yield of 6.75%, which means an investment of \$25,000 in this company will help you derive \$1,700 in dividends each year.

In the last 12 months, Enbridge has reported revenue of \$39 billion and net income of \$7 billion, indicating a margin of 17%. Its earnings per share of \$3.13 might seem low given its annual dividend payout of \$3.34 per share. However, energy companies use DCF, or distributable cash flows, to assess their dividend-paying ability.

This metric excludes maintenance-related capital expenditures as well as non-controlling interests and other items that don't impact its operational capabilities. In 2021, Enbridge has forecast DCF between \$4.70 and \$5 per share, indicating a payout ratio of less than 70% at the midpoint guidance.

Fortis

The final stock on the list is Canadian utility giant Fortis, a company that has increased dividends for 47 consecutive years. Fortis is part of a recession-proof industry, allowing it to generate cash flows across economic cycles. Currently, Fortis stock [has a forward yield](#) of 3.7%.

In the first quarter of 2020, Fortis reported earnings of \$0.77 per share compared to \$0.68 in the prior year period. The company attributed earnings growth to an increased rate base and higher earnings in Arizona. Fortis spent \$0.9 billion in capital expenditure and is on track to end the year with \$3.6 billion in capex, which, in turn, will support further dividend increases.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:ENB (Enbridge Inc.)
5. TSX:FTS (Fortis Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

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

6. Sharewise
7. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

Date

2025/07/01

Date Created

2021/06/28

Author

araghunath

default watermark

default watermark