2 of the Best Canadian Dividend Stocks to Add to Your TFSA This Summer

Description

If you have a TFSA, you probably know that everything you invest in there is free of taxes — whether it's capital gains or dividends. Dividend stocks are a great way to earn some passive income, as many of them have a yield higher than inflation and increase their payments regularly.

Bank of Montreal (TSX:BMO)(NYSE:BMO) and **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) are two Canadian dividend stocks you might want to add to your TFSA this summer. Those two companies pay reliable dividends that have high yields and have been increasing them for several years, so it's a passive income you can count on.

Bank of Montreal

BMO is the oldest bank in the country — it was founded in 1817. Its head office remains in Montreal, and it has increased its dividends for eight consecutive years.

With more than 900 branches and more than $852 billion in assets under management, it is the eighth-largest bank in North America in terms of assets and has more than 12 million customers worldwide.

BMO has been hit hard by the pandemic, however, and has yet to recover its valuation. However, if you consider its history and the growth of its capital over the past 20 years, it has the potential to be a great asset over the long term.

The bulk of the company's revenue is generated within the country (58% in 2019), with the United States in second place (34%). Only 9% of the bank's income came from its international activities.

The stock has a dividend yield of 3.3% at current price levels. Bank of Montreal sees 7-10% growth in its earnings in the future years, implying that its dividend could grow at a decent pace.

BMO has a large U.S. division, which should benefit from the recovery in the U.S. economy. This dividend stock is a great way to gain exposure to U.S. economic growth through a Canadian business.

BMO recently reported strong second-quarter 2021 results. Net income was $ 1.3 billion compared to $ 689 million in the same period last year. Provisions for credit losses (PCL) fell to $216 million from $1.5 billion. Return on equity increased from 9.2% to 13%.

Canadian Natural Resources

Canadian Natural Resources is also one of the most trusted dividend-paying stocks on the TSX. It has increased his dividends for 21 consecutive years. This year, the company increased its dividends by 11% to $1.88 per share, which represents a dividend yield of 4.2%.

Canadian Natural Resources is a great dividend-paying stock for investors worried about rising inflation.

A wave of global inflation is quickly reflected in the price of raw materials. This means stocks like Canadian Natural Resources should expect a tailwind. The gradual reopening of global economies and economic expansion could stimulate demand for oil and, therefore, its prices, which would benefit the company. Its production could also increase by 5% this year. In addition, its long-lived, low-decline asset base and efficient execution could boost its margins in the coming quarters. So, Canadian Natural Resources is in a good position to continue its dividend hikes.

The company's net revenues increased 46.8% year over year to $6.61 billion in the first quarter ended March 31, 2021. Its expenses were down 17.3% year on year to reach $4.91 billion. Its net income was $1.38 billion for this period compared to a net loss of $1.28 billion in the first quarter of 2020. The company's EPS was $1.16 compared to a loss of $1.08 per share during the prior-year period.

CATEGORY

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

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:CNQ (Canadian Natural Resources)
3. TSX:BMO (Bank Of Montreal)
4. TSX:CNQ (Canadian Natural Resources Limited)

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

Tags

1. Editor's Choice

Date
2025/06/30
Date Created
2021/07/09
Author
sbchateauneuf