



The 2 Best Canadian Dividend Stocks to Buy This Week

Description

Canadian Tax-Free Savings Account (TFSA) and [RRSP](#) investors are searching for top dividend stocks to boost income and generate long-term gains in their portfolios. The market is expensive right now, but some top Canadian dividend stocks still trade at attractive prices.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a leader in the North American energy infrastructure industry with \$100 billion in assets located in Canada, the United States, and Mexico.

The company has a great track record of growing through strategic acquisitions and organic developments. TC Energy expanded its U.S. presence five years ago with its US\$13 billion purchase of Houston-based Columbia Pipeline Group. The deal gave TC Energy important infrastructure connecting the Marcellus and Utica shale plays and pipeline routes running from Appalachia to the U.S. Gulf Coast.

Natural gas has a bright future and TC Energy owns valuable assets that will enable it to play an integral role as producers send natural gas to Liquefied Natural Gas (LNG) facilities for export to higher-priced markets.

TC Energy trades near \$61 per barrel at the time of writing. That's off the 2021 high of \$65 and well below the pre-pandemic price of \$75 per share. The company delivered solid results through 2020 despite the rough times in the energy sector and is on track to perform well in 2021.

TC Energy is working through \$20 billion in capital projects that should drive adequate revenue and cash flow growth to support annual dividend increases of at least 5% over the next few years. Investors who buy the stock now can pick up a 5.7% dividend yield.

As the energy industry recovers over the next 12-18 months investor interest should return to the pipeline names.

Canadian Natural Resources

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) is Canada's largest oil and natural gas producer by market capitalization. The company has arguably the most attractive asset base in the sector with vast hydrocarbon assets spread out right across the product line.

CNRL is primarily covered as an oil producer, but the company is also a giant in the natural gas segment. The price of natural gas held up well last year and is currently trading near its highest point since late 2018. The rally in gas prices, on top of the strong performance in the [oil market](#) in 2021, means CNRL is generating strong margins and significant free cash flow.

The board raised the dividend by 11% for 2021 and another big hike is probably on the way next year. CNRL has a healthy balance sheet and possesses the financial clout to make large strategic acquisitions to drive growth and add to the vast resource base.

The share price more than tripled off the 2020 low below \$15 to \$46 in June. A pullback to the current price of \$41 gives investors a chance to buy CNRL stock on a nice dip before it resumes its rally. At the current price, investors can get a solid 4.5% dividend yield.

The bottom line on top dividend stocks

Investors often make good money by taking a contrarian view when buying dividend stocks. TC Energy and CNRL appear oversold after the recent pullbacks and pay great dividends that should continue to grow.

If you have some extra cash in a TFSA or RRSP, I think these stocks deserve to be on your buy list today.

CATEGORY

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2. NYSE:TRP (Tc Energy)
3. TSX:CNQ (Canadian Natural Resources Limited)
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