Got $500? 1 Dirt-Cheap TSX Dividend Stock That Looks Unstoppable

Description

The **TSX Index** got off to a rocky start this month, with a combination of Delta variant fears and rate-hike jitters causing the start of what could be a more drastic pullback. Whether or not we're at the start of the much-anticipated market correction remains to be seen. Regardless, I think that any such pullback in excess of 5% is worth taking advantage of, even if the U.S. Federal Reserve adopts a somewhat more hawkish tone over the months ahead.

Undoubtedly, pressure on high-multiple growth stocks could be in the cards once again. Recent moves made by *The Big Short's* Dr. Michael Burry certainly seem to suggest that higher rates of the 10-year note could cause turbulence in this market's hottest stocks. Indeed, Cathie Wood's line of ARK Invest ETFs holds some of the hottest of the hot these days. And Burry's short, I believe, should not go unnoticed. In a prior piece, I'd urged investors to side with Burry over Wood by proceeding forward as bullish, but cautious, given the downside risks that could be in store for the growthiest and most euphoric names on the Street.

Could Wood prove Burry wrong?

Perhaps over the near term. But if I had to place a bet for what to expect going into year's end, I'd have to side with Burry. Growth stocks, while sexy again, could be outpaced by value once the reality of interest rate hikes over the next two years begins to set in. Should the tides turn against high-multiple names again, you're going to want support in the form of strong fundamentals and profitability prospects in the here and now.

So, if you've got an extra $500 or so sitting around in your TFSA (Tax-Free Savings Account), please don't sit around waiting for this mild 2% pullback to hit the 10% mark. We've gone so long without a correction, and while the odds suggest a 10% drawdown is probable, it's still not guaranteed. As such, I'd urge you to think about picking up quality merchandise on the way down, especially in the names that don't deserve to be hit. Insist on value and a high quality of earnings.

Nutrien: A TSX dividend stock with strong momentum and value

Agricultural commodities play **Nutrien** (TSX:NTR)(NYSE:NTR), which stands out to me as great buys as the markets slide. Today, the dividend stock finds itself at the intersection between momentum and value, with shares recently breaking out to new highs just shy of the $80 mark before pulling back 5% to $76 and change.

Nutrien is an agricultural commodities firm that's formed a sizeable moat around global potash production. The firm has steadily climbed back over this past year on the back of recovering commodity prices. While the strength in potash and other fertilizer prices could cool off over the coming months, I think Nutrien stock is still a buy. Longer-term tailwinds, most notably, the need for greater global crop yields, are still in play. And Nutrien's magnificent retail business should weather any mild fluctuations in commodity prices over the medium term.

The main reason to own Nutrien for the long haul is the handsome dividend, which yields just north of 3% at writing.

Bottom line

If this is the start of a correction, have a list of names to pick up on weakness if you've got at least $500 to put to work. And unless you wouldn't mind taking on the brunt of the next selloff, it may be a wise idea to heed Michael Burry's implicit warnings by insisting on value and quality over "growth at any price."

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