1 Canadian Stock With Top Dividend-Growth Prospects

Description

Canadian stocks with superior dividend-growth prospects are always great buys whenever near-term noise drags them lower. Undoubtedly, a correction could arrive in as little as a month, but that doesn't mean the broader basket of TSX stocks will implode 10%. Many wonderful Canadian stocks have already corrected by over 10%. And it's these such names that, believe it or not, may actually move higher as the **TSX Index** trends lower.

Cheap Canadian stocks with solid dividend-growth potential

In this piece, we'll have a closer look at one Canadian stock with solid dividend-growth prospects. It's also trading at an attractive valuation today following a choppy first half of 2021. Even if the TSX Index were to plunge tomorrow, there's really no guarantee that today's slate of bargains will become any cheaper. Heck, they may even rise as markets fall, given their low near-term correlation to the equity markets.

I view the recent weakness in the name as less material to the longer-term fundamentals and dividend-growth trajectories. As such, investors can expect continued dividend growth moving forward, regardless of the circumstances.

CN Rail fell off the rails in 2021, and for no good reason!

CN Rail (TSX:CNR)(NYSE:CNI) is one of the best Canadian stocks to buy if long-term dividend growth is what you seek. Amid its 2021 selloff, which saw the stock correct viciously, CN Rail's dividend yield has swelled accordingly, flirting with the 2% mark. A 2% yield isn't all that remarkable. That is, until you factor in dividend growth over the long haul.

As the economy continues bouncing back from the COVID-19 crisis, CN Rail and the broader basket of North American transportation plays could experience rising demand. Undoubtedly, the road ahead hasn't looked this good in quite a while. Still, investors, I believe, are discounting the firm's ability to bounce back from this crisis. The main story on investors' minds is whether CN Rail or its peer **CP Rail** will end up acquiring **Kansas City Southern**.

It’s a bidding war that’s stolen the headlines this year. And, as I’d pointed out in a prior piece, the winner of the bidding war may ultimately end up as the loser over the long term, depending on the price that’ll be paid. Right now, CN Rail looks to have the sweetest offer, even after CP Rail’s recent addition of sweetener. Given CP isn’t going to back away without a fight, and with greater regulatory scrutiny eyeing the CN-KSU deal, I’d probably put my money on CN being the railway walking away empty-handed.

And if that’s the case, CN Rail’s 2021 correction will be completely unwarranted. Raising the price for CP Rail, I believe, may actually prove to be a net positive for CN at the end of the day. In any case, it seems like the bidding war will drag on for another several months. Recently, Kansas City Southern voted to delay further consideration of CN’s current offer.

Amid the break, we’ll probably see investor focus return to the fundamentals. And the fundamentals are incredibly sound. My takeaway? Don’t sleep on the dividend king, as the odds are against shares staying depressed for prolonged periods.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/08/20

Date Created
2021/08/22
Author
joefrenette