Forget Evergrande: Buy These 2 Canadian Dividend Stocks Before Market Selloff Ends

Description

Rising concerns about the Chinese real estate giant **Evergrande Group's** potential collapse are badly hurting the global investors' sentiments. These fears triggered a selloff in Canadian stocks yesterday and forced the **TSX Composite Index** to post its worst day since January 29. China's Evergrande is currently facing several challenges due to its heavy debt burden.

While the fears about Evergrande's potential default might continue to haunt investors in the coming days as well, the ongoing market selloff is creating an opportunity for Canadian investors to buy some fundamentally strong dividend stocks cheap. In this article, I'll highlight two of the best Canadian dividend stocks that I find worth buying before the market selloff ends.

Canadian Natural Resources stock

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is the first Canadian dividend stock I find worth buying amid the ongoing market selloff. Its stock price has slid by 7.4% to $41.22 per share in the last three sessions. On the positive side, this recent drop has also made its dividend look even more attractive. It has a dividend yield of 4.5% at the moment.

Canadian Natural's revenue fell by 26% in 2020 after COVID-19 drove a massive drop in energy demand and oil prices. Nonetheless, the company's financial trends have been impressive in the first half of 2021. That's one of the reasons why Street analysts expect its 2021 revenue to rise to around $28 billion — up 66% from 2020 and nearly 23% higher than its revenue in 2019. With the help of this massive sales growth, Canadian Natural is likely to post a remarkable earnings growth compared to its pre-pandemic levels.

Any significant drop in CNQ stock prices during the ongoing market selloff would make its stock worth buying for long-term investors.

TC Pipelines stock

TC Pipelines (TSX:TRP)(NYSE:TRP) is my second Canadian dividend stock pick amid the ongoing Evergrande-driven market chaos. On Monday, TRP stock fell by 2.2% to $61.30 per share. With this, the stock now has an impressive 5.7% dividend yield.

TC's decades-long track record of delivering extraordinary returns to its shareholders makes its stock worth considering for long-term investors. Despite facing big COVID-19-related challenges last year, the company's adjusted earnings continued to grow positively with stronger profitability. In 2020, its adjusted net profit margin stood at 30.4% — stronger than 29.1% in the previous year. Despite these positive factors, TC stock lost nearly 25% of its value last year.

In the first half of 2021, the company's adjusted net profit margins have improved further to around 32.8%. Also, analysts expect TC's 2021 earnings to exceed its pre-pandemic levels. However, the stock hasn't seen much appreciation this year so far and is still trading lower from its 2019 closing level of $69.16 per share. If the ongoing market selloff takes it even lower, you may want to add this amazing Canadian dividend stock to your portfolio. This cheap stock has the potential to yield an outstanding return on investment in the long term.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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

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