2 Cheap Dividend Stocks to Buy Right Now

Description

At writing, the **S&P/TSX Composite Index** is down by a massive 3.69% year to date since September 3, 2021. Naturally, the decline in the broader market represented by the downturn in the benchmark index indicates that investors and analysts are not too excited about what is happening right now.

A market going through a pullback and the possibility of rising interest rates is leading to the perfect conditions for the market to become volatile in the months ahead. Canadian investors worried about what might happen to their shareholder returns in the coming months due to the uncertain environment need to consider ways to reposition their portfolios to protect their investment capital.

Today, I will discuss two cheap dividend stocks that offer inflated dividend yields but have the potential to continue providing you with reliable payouts during this uncertain period.

Manulife Financial

Manulife Financial (TSX:MFC)(NYSE:MFC) is a financial service and insurance provider for a client base spanning worldwide. The $47.49 billion market capitalization stock is trading for $24.45 per share at writing, and it is down by 11% from its April 2021 high. The dividend stock is trading for a hefty discount, and it is an asset that you can rely on for dividend income for years to come.

The company could see a massive boost to its revenues in the short term if interest rates begin to rise. Rising interest rates might adversely affect many other companies, but Manulife and other financial service providers tend to benefit from rising interest rates. Boasting a juicy 4.58% dividend yield at writing, it could be the right time to pick up its shares.

Canadian Western Bank

Canadian Western Bank (TSX:CWB) is a regional bank based in Edmonton that has recently opened several branches elsewhere in the country. The $3.25 billion market capitalization might not be anywhere near as big as the leading banks from Canada's Big Six. However, the underrated banking stock could be an ideal stock pick if you are looking for a cheap dividend stock.

At writing, CWB stock is trading for $37.30 per share, and it boasts a juicy 3.11% dividend yield. The bank’s share price is up by a massive 31% year to date and 33% in the last 12 months. It delivered total revenue growth of $263 million in its previous quarter, and it saw a 17% boost to its branch-raised deposits.

With a forward P/E ratio of 9.76, it is an undervalued banking stock that could provide you with significant long-term returns through shareholder dividends and capital gains.

Foolish takeaway

Not all high-quality Canadian dividend stocks are not immune from the effects of a broader pullback in the stock market, but the reliable returns that the companies provide through shareholder dividends can help you keep earning passive income while you wait for their valuations to recover with the rest of the market.

Manulife Financial stock is trading for a discount from its 2021 high, and Canadian Western Bank stock is an underrated banking stock that seems to be inching ever closer to its all-time highs from 2014. It could be the ideal time to pick up shares of both companies to capitalize on the high dividend yields at attractive prices.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:CWB (Canadian Western Bank)
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