



2 Canadian Dividend Stocks to Watch in October 2021

Description

Investors can benefit from dividend stocks that pay safe dividends while having the potential for decent price appreciation. The dividends provide stable returns no matter what the stock price does. Meanwhile, in the long run, with growth from the underlying businesses, price appreciation will also come. Additionally, it makes sense to buy dividend stocks on dips to lock in a higher yield from the start.

Here are two Canadian [dividend stocks](#) that you should put on your radar, as they had corrections recently.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is a Canadian Dividend Aristocrat that has increased its dividend consecutively for 10 years. In that period, shareholders enjoyed a growing dividend at close to 10% per year.

At \$18.29 per share at writing, AQN stock trades approximately 19% below its 52-week and all-time high. On initial glance, the dividend stock has lost its price momentum. Arguably, though, it has been consolidating somewhat since the pandemic year last year. It could be quite bad if the stock broke below \$18 per share. So, watch for that.

The utility is expected to generate stable cash flow across its business, which is segmented into two parts. First, its regulated utilities should deliver stable earnings that are also predictable. They serve close to 1.1 million customer connections throughout the United States, Canada, Chile, and Bermuda. These regulated operations provide a range of services, including electrical distribution, natural gas distribution, water distribution, and wastewater collection. Particularly, this segment generates about 78% of its sales from the U.S.

Second, its renewable generation business operates primarily in North America, contributing 86% of its sales in this segment. It has a gross generating capacity of about 2.3 GW across hydroelectric, wind, solar, and thermal facilities. Because about 81% of the output are supported by long-term contracts

(with a weighted average remaining term of roughly 13 years), this segment also generates fairly stable cash flow. [Algonquin](#) also has a 44% stake in **Atlantica Sustainable Infrastructure**, which owns international clean energy and water infrastructure assets under long-term contracts.

Algonquin's business explains why it has been able to keep a decade's long dividend-growth streak. Because of Algonquin's weighted assets in the U.S., it naturally pays a U.S. dollar-denominated dividend annualized at US\$0.6824 per share. At writing, it provides a yield of almost 4.7%, which is compelling in today's low interest rate environment.

Rogers Communications

Rogers Communications ([TSX:RCI.B](#))([NYSE:RCI](#)) is in the midst of acquiring **Shaw Communications**, which could be one reason why the dividend stock has corrected. Rogers Communications has more than \$37 billion in assets, while Shaw Communications has about \$16 billion. There would be integration risk while merging the two. Specifically, Rogers Communications stock has declined more than 12% from its high in the summer.

Despite the uncertainty revolving around the merger, Rogers Communications could be a good buy on the dip. The ultimate result of the merger could lead to synergies between the two telecoms. Rogers Communication's dividend yield of close to 3.4% is well protected with a payout ratio of about 55%.

Interested investors might choose to buy a partial position in Rogers Communications at the current levels of about \$59 per share. Then watch to see if it'll reach the low to mid-\$50's to round up more shares.

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1. Dividend Stocks
2. Investing

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Author

kayng

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