Market Pullback: 3 Dividend Stocks to Buy on the Dip

Description

Canadian stocks have been thrashed in the middle of this week. The **S&P/TSX Composite Index** fell 218 points on October 27. Over the past year, investors who've bought into the dips have been richly rewarded. The conclusion of the Bank of Canada's bond-buying program has spooked investors and stoked fears that interest rates are on the rise. However, the central bank is sure to exercise extreme caution in this uncertain economic environment. I'm looking to snatch up undervalued dividend stocks in this market pullback. Let's dive in.

Here's why I'm still looking to buy Saputo during this pullback

Saputo (TSX:SAP) is a Montreal-based company that produces, markets, and distributes dairy products in Canada and around the world. Indeed, it is one of the top dairy processors on the planet. Shares of this dividend stock have dropped 15% in 2021 as of close on October 27. The stock is down 7.9% year over year.

I'd recommended that investors scoop up this cheap dividend stock earlier this month. The company released its second-quarter fiscal 2022 results on November 4. In Q1 FY2022, Saputo delivered revenue growth of 2.9% to $3.48 billion. Meanwhile, adjusted EBITDA dipped 21% to $290 million.

This dividend stock possesses a price-to-earnings (P/E) ratio of 23. That puts Saputo in favourable value territory, especially compared to its industry peers. It has an RSI of 24, which means that Saputo is technically oversold at the time of this writing. Moreover, it offers a quarterly dividend of $0.18 per share, which represents a 2.3% yield.

A dividend stock that looks very undervalued right now

Manulife Financial (TSX:MFC)(NYSE:MFC) is one of the top insurance and financial services providers in Canada. This dividend stock has increased 9.8% in the year-to-date period. Meanwhile, its shares have dropped 7.9% over the past six months.

In Q2 2021, Manulife saw net income surge $1.9 billion from the prior year to $2.6 billion. Net income in the first six months of 2021 rose to $3.42 billion over $2.202 billion for the same period in 2020. Meanwhile, APE sales climbed 30% from Q2 2020 to $1.4 billion. Total new business value in the year-to-date period rose to $1.14 billion over $853 million.

Shares of this dividend stock last had a very attractive P/E ratio of 6.7. Better yet, it offers a quarterly dividend of $0.28 per share. That represents a very solid 4.5% yield.

One more dividend stock you can rely on in this climate

Inflation climbed to an 18-year high in Canada in September. In the beginning of this month, I'd discussed why grocery retailers were a great target as food prices were on the rise. **George Weston** (TSX:WN) is a Toronto-based food processing and distribution company. Shares of this dividend stock have climbed 37% in 2021. The stock has dipped 2.8% week over week.

Revenue rose 2.4% year over year to $24.6 billion in the first six months of 2021. Meanwhile, adjusted EBITDA jumped 18% to $2.82 billion. George Weston was bolstered by lower pandemic-related costs, increased sales, and improved productivity.

This dividend stock is trading in favourable value territory compared to its industry peers. It offers a quarterly dividend of $0.60 per share, representing a modest 1.8% yield.

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2. TSX:MFC (Manulife Financial Corporation)
3. TSX:SAP (Saputo Inc.)
4. TSX:WN (George Weston Limited)

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