RRSP Investors: 2 Top TSX Stocks to Buy on a Market Pullback

Description

Investors who missed the big rally in 2021 are hoping a pullback will give them a chance to buy top stocks at cheap prices for their RRSP portfolios.

Canadian National Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) trades near $162 per share at the time of writing compared to the 2021 high above $168. The company had a roller-coaster year in 2021 with a failed US$30 billion bid to buy **Kansas City Southern**, a U.S. rail operator.

The effort to win Kansas City Southern's (KCS) hand with a 25% premium over a deal that KCS already agreed with **CP Rail** upset some large CN institutional investors, who have since pushed for changes in the c-suite and at the board level. The current CEO will now retire in early 2022, and CN is searching for a replacement.

Leadership uncertainty could place a cloud over the stock for a while. At the same time, recent flooding in British Columbia has washed out key rail lines, adding further stress to supply chains. The completion of Enbridge's Line 3 replacement project could also result in reduced oil-by-rail shipments next year.

Despite the near-term turbulence, CN remains an attractive anchor pick for buy-and-hold RRSP investors. The company is trimming back its capital program after making significant investments in the past couple of years. This should free up more cash flow for dividends in 2022 and beyond.

As the Canadian and U.S. economies expand, the company should see a steady increase in volumes and revenue. CN is a very profitable business with a wide competitive moat. Buying on dips has historically proven to be a profitable bet for investors.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a leader in the North American energy infrastructure industry with a diversified revenue stream coming from liquids pipelines, natural gas transmission, natural gas distribution, and renewable power generation.

The rebound in oil demand in 2021, driven by rising fuel consumption is filling up Enbridge's oil pipelines again as producers send crude oil to refineries and storage facilities. Enbridge's conclusion of the Line 3 projects will boost revenue in 2022. Enbridge also just completed the US$3 billion purchase of a key oil export facility and associated pipeline infrastructure.

At the same time, Enbridge is moving forward on capital projects across its business units. Investors could see investment in the natural gas and renewable energy segment expand in the coming years.

Enbridge will likely raise its dividend when it releases the 2022 financial plan in early December. The board increased the payout by 3% for 2021. A hike of 5% wouldn't be a surprise for 2022.

The stock trades near $50 per share at the time of writing compared to nearly $54 earlier this month, so investors already have a chance to buy a nice dip. Any additional weakness should be viewed as an opportunity to add to the position.

Investors who buy now can pick up a 6.7% dividend yield.

The bottom line on top RRSP stocks to buy on a dip

CN and Enbridge are leaders in their respective industries and should be solid buy-and-hold picks for a self-directed RRSP. If you have some cash to put to work when the market corrects, these stocks deserve to be on your radar.

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