
TFSA Passive Income: 2 Top TSX Dividend Stocks to Buy Now

**Description**

The recent pullback in the market is giving dividend investors a chance to buy top TSX stocks at cheap prices and secure attractive yields for a TFSA portfolio focused on passive income.



## Bank of Nova Scotia

**Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) trades for close to $81.50 at the time of writing. That's down from the recent high near $84. Investors who buy here can pick up a solid 4.4% dividend yield and should get a big raise when the company announces fiscal Q4 2021 earnings on November 30.

Canadian financial institutions recently received the all-clear to start raising dividends again after the government lifted a ban it put in place last year. All the big banks are sitting on excess cash they set aside to cover potential loan losses.

The banks avoided the worst-case scenario and are expected to give investors large dividend increases when they report their fiscal Q4 results. Pundits say the payout hikes could be 15-20% — in line with recent moves by insurance companies.

Bank of Nova Scotia has a large international division with operations primarily located in Mexico, Peru, Chile, and Colombia. These countries were hit hard by the pandemic and will take longer than Canada to recover. That being said, Bank of Nova Scotia's international business still generated $493 million in earnings in fiscal Q3 2021, and the Q4 numbers should be better.

The stock trades at a reasonable 11.4 times trailing 12-month earnings. As long as the new COVID-19 variant found in South Africa doesn't derail the global economic recovery, this stock should deliver solid returns in the next few years.

## Canadian Natural Resources

The emergence of the new COVID-19 variant in South Africa shocked the markets in recent days, as fears about possible new lockdowns hit stocks across most industries. Travel restrictions are expected, but it is unlikely the world is headed back to the situations we saw before the arrival of the COVID-19 vaccines.

WTI oil plunged 13% on November 26, sending oil producers into a free fall. **Canadian Natural Resources** (TSX:CNQ) (NYSE:CNQ) dipped more than 5% and currently trades near $52.50 compared to a the recent high around $55.

Fears that oil demand will crash again are likely overblown. WTI trades near US$68 per barrel at the time of writing. CNRL still generates strong profits at this price and natural gas prices remain elevated. CNRL is using its excess cash to reduce debt, buy back shares, and boost dividends. The board recently announced a 25% increase to the distribution for 2022.

CNRL has a diversified pool of resources that cover the full spectrum of the oil product line as well as vast natural gas assets.

The dip in the price of oil might prove to be short-lived, and investors now have a chance to buy some top producers on the pullback.

CNRL trades at an attractive 10.6 times trailing 12-month earnings and provides a dividend yield of 4.5%.



## The bottom line on top stocks for TFSA passive income

Bank of Nova Scotia and CNRL are top-quality companies paying attractive dividends that should continue to grow at a steady pace. The stocks appear cheap right now and should be solid picks for a TFSA focused on passive income.

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