3 Canadian Dividend Stocks I'd Buy This Christmas

Description

Christmas is just around the corner, and I know what's on my wish list: stocks!

There's never a "bad" time to give yourself the gift of stocks, but the holiday season is as good an occasion as any. A lot of people like to sell stocks in December to harvest their losses for tax purposes — a practice known as "tax-loss harvesting." This can work if you're sitting on a lot of losing stocks. But if you're like me, you'd rather scoop up the bargains that tax-loss harvesters offer you on a silver platter.

This December, dividend stocks look particularly appealing. Tech stocks are flying high and — some think — are overdue for a correction. However, we've got dividend-paying value stocks that are just now beginning to walk off the damage they took in 2020. In this article, I will explore three dividend stocks I'd buy this Christmas.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is one dividend stock I would buy on the dip this Christmas. It spent most of 2021 rallying but dipped 10% after oil prices fell. The decline in oil prices may have been due to the COVID-19 Omicron variant. The new variant has been reported to be extremely contagious, and it's already leading to lockdowns in many places. Ontario recently paused its reopening plan, partially because of Omicron.

When COVID-19 is raging hard, oil prices tend to fall, because public health measures depress travel. So, the decline in oil prices was arguably justified. However, the current wave of COVID-19 won't last forever, and when it ends, we could see oil prices back in the mid-80s (or even higher). That would be very bullish for Suncor. And at any rate, oil prices are well above what Suncor needs to break even — Omicron or no.

TD Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is a bank stock that I have invested a sizable chunk of my money in. It just recently released solid results for the fourth quarter and full year 2021. In the quarter, adjusted earnings grew 30%. TD Bank released some of its loan loss reserves, which caused a spike in earnings. Thanks to the earnings growth, TD was able to increase its dividend by 13%. That's a pretty solid dividend hike, investors are already being handsomely rewarded. And the growth could continue into 2022 if the expected interest rate hikes materialize in the U.S. and Canada.

CN Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) is another dividend stock I have held for a long time. Its yield isn't very high (1.5%), but it has a strong track record of dividend growth. Over the last 10 years, CNR has raised its dividend by 16% annualized. If that dividend-growth track record continues then investors could see a pretty high yield eventually.

Will it continue?

Well, we know that the railway's most recent quarter was solid, with 5% growth in revenue and 71% growth in earnings. If that kind of growth continues, then we can expect more dividend hikes in the future.

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