3 Top Canadian Dividend Stocks to Buy for 2022

Description

If you are sitting on some extra cash, consider investing it in dividend stocks. Not only would it earn a higher return, but it will create a stable, passive-income stream in the long term. Here are some safe Canadian dividend stocks to consider for the long term.

Canadian Natural Resources

The energy sector will likely continue to shine bright next year as well as it did in 2021. Rising oil and gas prices remarkably pushed energy companies' earnings this year. In addition, they have the pricing power that plays well in an inflationary environment.

Within the sector, **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) looks poised to grow in 2022. It has a handsome dividend profile and yields 4.3% at the moment. Moreover, the company has increased dividends by 17% on average in the last two years when the pandemic continued to dominate. CNQ has a strong balance sheet and earnings visibility that allows management such decent payouts to shareholders.

Canadian Natural is a low-cost producer and rising oil prices will likely generate massive free cash flows next year as well. Higher cash flow could meaningfully unlock value for shareholders by facilitating share buybacks, higher dividends, or acquisitions.

CNQ stock has risen 70% so far this year. Given its strong earnings, growth prospects, and juicy dividend yield, it looks like an appealing bet for the long term.

BCE

Top Canadian telecom stock **BCE** (TSX:BCE)(NYSE:BCE) is my second pick for income seeking investors. It increased dividends by 5% for 2021, in line with its historical trend. It currently yields 5.3%, higher than TSX stocks at large.

Importantly, BCE's dividends look reliable mainly due to its stable earnings. Telecom stocks are recession-resilient ones as their earnings are largely immune to economic cycles. BCE's earnings grew by 3% compounded annually in the last decade. That's lower than broad markets' average. However, that's why it is a low-risk bet and plays well during all kinds of markets.

BCE will likely witness superior earnings growth driven by 5G in the next few years. Additionally, higher capital investments in network improvements and expanding 5G coverage should bode well going forward.

BCE stock has returned 25% in the last year, marginally outperforming broader markets. It looks attractive with its decent growth potential for the long term.

Toronto-Dominion Bank

Canada's second-biggest bank stock **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) could also be an attractive bet for 2022. It pays stable dividends and yields 4% at the moment. Recently, it increased dividends by 13% after the Canadian banking regulator lifted curbs on dividend hikes and buybacks, which were imposed during the pandemic.

Toronto-Dominion reported a 30% surge in its adjusted net income for the quarter ended October 31, 2021. Earnings boosted across the sector driven by loan-loss reversals and improving asset quality during the quarter.

Notably, TD stock has returned 35% in the last 12 months, beating the **TSX Index**.

Apart from the dividend increase, it is an attractive bet because of its solid balance sheet, significant U.S. presence, and higher earnings growth prospects. Also, TD could be an apt TSX bank stock to play the economic growth in the post-pandemic world.

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2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:TD (The Toronto-Dominion Bank)
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