



2 Top TSX Dividend Stocks to Buy in 2022

Description

[RRSP and TFSA](#) investors are lining up top dividend stocks to buy for their self-directed retirement portfolios in 2022. The **TSX Index** is starting the year near record highs, but investors can still find good value in some [sectors](#).

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#)) ([NYSE:BNS](#)) reported fiscal Q4 2021 results that exceeded expectations, and the positive momentum should continue in 2022. The bank's international operations are rebounding from the pandemic and the Canadian banking business is rolling along nicely.

A global economic recovery in 2022 should support higher oil and copper prices. The production of these commodities is a key driver of economic activity for Mexico, Colombia, Peru, and Chile where Bank of Nova Scotia has most of its international business.

In Canada, customers have built up large deposits over the past two years. This should support ongoing strength in Bank of Nova Scotia's wealth management group. At the same time, some people will open up their wallets to spend more in 2022. This should drive stronger economic growth and support the recovery of Canadian businesses.

The housing market could cool off a bit as interest rates begin to rise in 2022, but low supply and steady demand are expected to maintain elevated property values. Overall, higher interest rates tend to be good news for the banks as they can generate better net interest margins on loans and earn higher returns on cash they have to set aside to meet regulatory requirements.

Bank of Nova Scotia recently raised its dividend by 13% and the company is buying back stock. Investors might also see the bank use some of its excess cash to make tuck-in strategic acquisitions in the next couple of years.

The shares trade at a reasonable 11.6 times trailing 12-month earnings right now. Investors who buy at the current price near \$89.50 can pick up a 4.5% dividend yield.

TC Energy

TC Energy ([TSX:TRP](#)) ([NYSE:TRP](#)) owns and operates more than \$100 billion in energy infrastructure and power generation assets in Canada, the U.S., and Mexico.

The core business is the natural gas storage and transmission network that includes more than 93,000 km of natural gas pipelines. TC Energy also has oil pipelines, nuclear power, and other power facilities.

Natural gas is becoming the fuel of choice around the globe to produce power while countries ramp up investments in renewable energy infrastructure. Even when countries get to the point where wind, solar, hydroelectric, and geothermal power can meet a large chunk of their requirements, natural gas-fired power production is expected to remain prominent as a complementary power source. This ensures stability during times of high demand or when weather conditions negatively impact the renewable energy facilities.

Cloudy days, calm days, and drought conditions can't be controlled and have resulted in lower-than-expected power production around the globe in 2021.

TC Energy has key natural gas infrastructure in place, or under construction, that will connect Canadian and U.S. natural gas producers to liquified natural gas (LNG) facilities when LNG is shipped overseas.

The company has a \$29 billion capital program on the go that is expected to support annual dividend increases of 3 to 5%. TC Energy stock appears [undervalued](#) right now near \$58.50 per share and provides a 6% dividend yield.

The bottom line on top stocks to buy for 2022

Bank of Nova Scotia and TC Energy look attractive at current prices and pay generous dividends that should continue to grow. If you have some cash to put to work these stocks deserve to be on your RRSP and TFSA radar for 2022.

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