Passive Income Investors: 2 TSX Dividend Stocks to Watch in February

Description

It's been a turbulent start for the broader markets (especially tech stocks) thus far in 2022. Indeed, the many pundits who doubted this year could match the last on the returns front are starting to look very smart. Although it will be incredibly difficult to top last year's gains, I do think it's a mistake to think that 2022 will be a write-off year and look to be a seller in this January bout of volatility. Why? DIY investors can pick and choose their way to a performance that's far better than the TSX Index's. You see, passive investors must settle for returns by the funds or ETFs they choose. But self-guided investors can spot value and act in a way such that they can outpace the benchmark they seek to crush.

Passive income with a side of tailwinds

As you've probably heard, tech is out, and value (specifically dividend stocks) are back in fashion. The Canadian banks and TSX energy stocks have been on an incredible run, thanks to higher rate expectations and strong energy prices, respectively. Can the strength last in the new year? I'd argue it's more than likely, given how suddenly the tables have turned in favour of Canadian stocks and the TSX.

The case for staying invested in Canada, as opposed to venturing south of the border for tech-heavy exposure hasn't been this high in quite a while. In this piece, we'll have a look at two TSX dividend stocks I'd watch for passive income at a low price of admission.

Consider **National Bank of Canada** (TSX:NA) and **Suncor Energy** (TSX:SU)(NYSE:SU), which command yields of 3.4% and 4.7%. Best of all? These tall dividends are poised to grow even taller over the years and at a likely increasing rate as the industry environment improves.

National Bank of Canada

National Bank of Canada had a magnificent 2020, leading the charge out of those ominous March 2020 lows. The regional bank, which is poised to expand nationwide, recently hit a skid in the road, as its bigger brothers in the Big Six clocked in remarkable beats, dividend raises, and share buyback programs. Indeed, National Bank may have delivered an underwhelming number, but it wasn't weak unless you compared it to the other big banks.

The stock corrected before bouncing back rather quickly. Still down around 3%, I think NA stock is a name worthy of a watchlist going into February 2022. Why? It's a well-managed bank that could bring the fight to its peers. Doing away with trading fees is a first step toward potentially winning some of the business of its larger peers reluctant to follow suit. Undoubtedly, **TD Bank** recently launched TD Easy Trade, which I view as a "half-measure" response to National Bank's bold move. Indeed, TD Easy Trade and its flagship TD Direct Investing need to be integrated, not fragmented. Clearly, TD is paying close attention to its peer's moves, especially National Bank, an underdog that you cannot count out.

Suncor Energy

Suncor Energy is an integrated energy behemoth that's finally bouncing back, with WTI benchmark oil prices eclipsing the US$85 mark. I think there's more rally to come, as the company looks to blast past its 2020 highs. With a solid operating cash flow stream and the ability to ramp up production ahead of what could be a US$100 oil boom, it's hard to ignore Suncor stock at these depressed multiples.

I think it's just a matter of time before SU is back above $42 per share and the steep discount vanishes. As management looks to further undo the damage done to the dividend, look for passive income investors to return to the name.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:NA (National Bank of Canada)
3. TSX:SU (Suncor Energy Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. jguest
2. joefrenette

Category

1. Dividend Stocks
2. Investing

Date
2025/08/28
Date Created
2022/01/21
Author
joefrenette