



3 Good TSX Dividend Stocks to Buy Now for Passive Income

Description

Retirees and other passive-income investors want to buy good [dividend stocks](#) that will increase payouts and offer attractive yields.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) raised its dividend by 100% late last year. The increase brought the payout back to the 2019 level. Investors should see another large dividend hike in 2022.

WTI oil currently trades above US\$87 per barrel. Analysts are increasingly bullish on the outlook for the market as demand growth could outpace the industry's ability to increase supply, as the global economic recovery picks up momentum.

Suncor's refining and retail operations took a hit in 2020, but the rebound in fuel demand last year led to strong results in these segments of the business in Q3 2021. The Omicron variant has slowed the recovery in the airline industry and the planned return to offices, but the second half of 2022 should see fuel consumption regain or surpass 2019 levels.

At the time of writing, Suncor provides a 4.6% dividend yield. Suncor stock looks undervalued around the current price of \$36. The shares traded for \$44 before the pandemic when WTI oil was just US\$60 per barrel.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) raised its dividend by more than 5% in 2022, and investors should see the communications firm maintain steady annual payout hikes in the coming years. In fact, Telus might start returning even higher amounts of cash to shareholders in 2023 when capital expenditures are expected to drop.

Telus is investing heavily to replace its legacy copper lines with fibre optic connections. The company

is also building out its [5G](#) network. These initiatives will help drive revenue growth while ensuring Telus protects its competitive advantage in its core markets.

Telus also has side projects that could become significant contributors to future growth. Telus Health is already a leader in the Canadian market for digital health solutions. Telus Agriculture helps farmers manage their businesses in a more efficient way. The two divisions saw strong revenue growth in 2021.

Telus is a good defensive stock to add to a dividend portfolio for investors who are concerned the broader market might be headed for a meaningful correction in 2022. The dividend currently provides a 4.4% yield.

Manulife

Manulife ([TSX:MFC](#))([NYSE:MFC](#)) operates insurance and wealth management businesses in Canada, the United States, and across several countries in Asia.

The company reported strong results in Q3 2021. The Q4 numbers should also be solid. Looking ahead to 2022 and beyond, Manulife could get a nice lift from rising interest rates. The U.S. Federal Reserve and the Bank of Canada are expected to start increasing rates as early as next month and might steadily move rates higher for the next two years in an effort to tame high inflation.

Higher interest rates tend to be positive for Manulife. The company can earn better returns on the cash it must set aside to cover potential claims.

Manulife is a good stock to buy for investors who want exposure to the United States and Asia through a Canadian financial firm. The company is also less exposed to a potential correction in the Canadian housing market than the big banks.

The board raised the dividend by 18% when the Q3 2021 results came out. The new quarterly payout of \$0.33 per share provides an annualized yield of about 5%.

The bottom line on top stocks to buy for passive income

Suncor, Telus, and Manulife pay attractive dividends that should continue to grow in the coming years. If you have some cash to put to work in a portfolio focused on passive income, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
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1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TU (TELUS)
4. TSX:MFC (Manulife Financial Corporation)

5. TSX:SU (Suncor Energy Inc.)
6. TSX:T (TELUS)

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Author

aswalker

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