3 Safe Canadian Dividend Stocks to Buy as Russia-Ukraine War Intensifies

Description

Although rising oil and gold prices generally support the **S&P/TSX Composite Index**, concerns the rising commodity prices could hurt economic growth worldwide have dragged the index down. Despite yesterday's fall, the index is trading 0.4% higher for this year. Meanwhile, with the Russia-Ukraine war intensifying, I expect the volatility to continue. So, in this uncertain environment, investors can strengthen their portfolios by adding the following three safe dividend stocks.

Canadian Natural Resources

Supported by rising oil prices and solid fourth-quarter performance, **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) is trading over 42% higher for this year. Meanwhile, given the favourable environment, I expect the upward momentum to continue.

With no end to the Russia-Ukraine war in sight, I expect oil prices to trade at elevated levels in the near term, benefiting Canadian Natural Resources. Meanwhile, the company expects to make a capital investment of $3.6 billion this year, boosting its production to 1.32 million barrels/day. Additionally, the company expects to invest around $0.7 billion, which could deliver incremental annual output from 2023 onwards.

Along with these initiatives, increased refinery utilization rate, lower debt levels, and share repurchases could boost its financials in the coming quarters. So, I believe Canadian Natural Resources's dividends are safe. Currently, it pays a quarterly dividend of $0.5875/share, with its forward yield at 3.1%.

Canadian Utilities

Second on my list would be **Canadian Utilities** (TSX:CU), which operates regulated and low-risk businesses, such as utility, energy infrastructure, and retail energy, generating stable cash flows irrespective of the economic cycle. These robust cash flows have allowed the company to raise dividends for the previous 49 years, the longest Canadian public company to do so. Meanwhile, its forward dividend yield currently stands at a healthy 4.91%.

Last year, the company had made a capital investment of around $1.25 billion, expanding its utility assets and energy infrastructure. Meanwhile, it expects to invest approximately $2 billion over the next two years. Along with these investments, its strong underlying business could boost its financials in the coming quarters. So, I believe Canadian Utilities is well-equipped to continue raising its dividends in the coming years. Also, its valuation looks attractive, with its forward price-to-earnings multiple standing at 16.4.

BCE

Supported by its solid fourth-quarter performance and rising demand for its services amid digitization, **BCE** (TSX:BCE)(NYSE:BCE) is trading 8.2% higher, comfortably outperforming the broader equity markets. Last year, the company had surpassed its network expansion targets by adding 1.1 million new direct fibre and wireless home internet locations.

Meanwhile, the management expects to add 900,000 new wireless home internet locations amid its continued accelerated capital investments this year. Besides, the expanding 5G coverage and rising demand due to increased transition to hybrid work culture and remote learnings could drive its financials in the coming quarters. So, its growth prospects look healthy.

Meanwhile, BCE is also a Canadian dividend aristocrat, which has increased its dividends by over 5% annually for the previous 14 years. It currently pays a quarterly dividend of $0.92, with its forward yield at an impressive 5.17%. Given its healthy growth potential and stable cash flows, I expect it to maintain its dividend growth. So, BCE would be an excellent buy in this volatile environment.

CATEGORY

1. Dividend Stocks
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2. TSX:BCE (BCE Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:CU (Canadian Utilities Limited)

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