Got $1,000? Top 2 Dividend Stocks to Buy Now

Description

Robust dividend stocks could be the key ingredient in your fight against inflation. A company that offers a high-yield payout and can expand dividends over time should be able to withstand the economic turmoil.

Here are the top two blue-chip dividend stocks that should be on your radar this year.

Real estate dividend stock

RioCan REIT (TSX:REI.UN) is a top pick for dividend investors. Canada's second-largest landlord is my top pick, because it's exposed to a beaten-down sector: commercial real estate. The majority of RioCan's properties are retail locations for groceries, malls, and banks. These locations are either essential or rebounding, as the pandemic restrictions ease.

Meanwhile, the stock is undervalued. RioCan stock trades at just 13 times earnings per share. This implies an earnings yield of 7.7%. The company's cash flows should keep pace with inflation, as the commercial landlord can simply raise rents for its tenants. In fact, the company has already outlined a plan to raise rents from $20.16 per occupied square foot at the end of 2021 to approximately $22.50 by 2026.

RioCan's stock price is also on par with book value per share. The value of its portfolio of commercial assets has lived through a severe downturn since 2020. That means there's limited downside risk for this stock. For investors seeking a safe-haven dividend opportunity in 2022, this is an ideal bet.

Oil dividend stock

Oil prices have skyrocketed to levels not seen in more than five years. A recent rally above the $100 level was the catalyst that sent oil stocks higher. **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) is one of the stocks flying high on the ongoing global energy crisis.

The stock is up by more than 40% year to date amid strengthened investor confidence about its long-term prospects. As Canada's largest commodities company, Canadian Natural Resource is reaping big rewards amid the surge in oil and natural gas prices. Europe coming under pressure to reduce its reliance on Russia for energy supplies appears to have triggered a massive opportunity that the company can benefit from.

At $63 a share, Canadian Natural Resource is trading at a discount with a price-to-earnings multiple of eight. That implies an earnings yield of 12.5% — far higher than most other companies and the ongoing rate of inflation. Oil prices remaining elevated for the better part of the year should be the catalyst to send the stock even higher.

Higher oil prices should also strengthen the company's ability to generate more free cash flow, crucial to sustaining its impressive 3.65% dividend yield. The company has already announced plans to repurchase $101.57 million of its common share as it continues to return value to shareholders. As it stands, Canadian Natural resource is an exciting play for inflation-proof dividends and a bet on higher-for-longer energy prices.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:CNQ (Canadian Natural Resources Limited)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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