



Buy the Dip: 2 Top TSX Dividend Stocks on Sale

Description

Market corrections can be scary, but they also provide opportunities for investors to put new money to work in great stocks that offer attractive yields and growing payouts.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) trades near \$68 per share at the time of writing compared to the 2022 high of \$74. Investors who buy now can pick up a 5.4% dividend yield.

BCE is a good stock to buy in the current environment of high inflation. The company has the power to raise prices for its mobile, internet, and TV services and customers are unlikely to cancel their subscriptions, especially for the mobile and internet services they need to manage their daily lives.

BCE is investing in new fibre optic lines that run right to the premises of its customers. This gives clients the broadband they need for work and entertainment while also helping protect BCE's competitive position. Owning the physical connection to the customer's building is an asset.

BCE is also building out its [5G](#) network. The company spent \$2 billion in 2021 on new 3,500 MHz spectrum that is the foundation for the next stage of the 5G expansion that will open up new revenue opportunities in the coming years.

BCE raised its dividend by 5% for 2022. This is the 14th consecutive year the payout increased by at least that amount. Management expects free cash flow to increase by 2-10% in 2022, so another dividend hike of at least 5% is likely on the way in 2023.

TD Bank

TD ([TSX:TD](#))([NYSE:TD](#)) is Canada's second-largest bank by [market capitalization](#) and a major player in the U.S. market. The American operations are about to become a much large part of the revenue mix, as TD is in the process of buying First Horizon for US\$13.4 billion.

The deal will give TD a stronger presence in the U.S. southeast states. TD already has operations running down the U.S. east coast from Maine to Florida. First Horizon adds more than 400 branches to the retail banking business and will make TD a top-six bank in the United States.

TD made it through the pandemic in good shape and is using the capital it built up to make acquisitions and buy back stock. Investors also received a 13% dividend increase for fiscal 2022. Another generous payout hike should be on the way for 2023, if not sooner.

TD stock trades near \$92 per share at the time of writing compared to the 2022 high around \$109. Investors who buy TD shares at the current price can pick up a 3.9% dividend yield.

Bank stocks are down amid fears that aggressive rate hikes by the Bank of Canada and the U.S. Federal Reserve will trigger a recession. At the same time, rising mortgage costs will cool off the housing market. On the upside, higher interest rates tend to boost net interest margins for TD and its peers.

Despite some headwinds, the pullback appears overdone right now, and buying TD stock on big dips has historically proven to be a savvy move for investors.

The bottom line on buying the market pullback

Additional downside is certainly possible, but BCE and TD appear oversold right now and should be solid picks for buy-and-hold investors seeking reliable passive income and attractive total returns.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BCE (BCE Inc.)
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