Retirees: Strengthen Your Portfolio With These 3 Safe Canadian Stocks

Description

Rising energy and food prices amid the ongoing Russia-Ukraine war and the pandemic-induced lockdown in China have increased the consumer price index of the United States by 8.6% in May — a new 40-year high. The inflation has turned out to be more deep-rooted than the Federal Reserve predicted.

So, to lower the inflation, the central bank raised interest rates by 0.75% earlier this month. Meanwhile, analysts also expect the Fed to raise interest rates further in the coming quarters. Higher interest rates could increase borrowing costs, thus hurting economic growth. So, given the uncertain outlook, retirees can buy the following three safe stocks to strengthen their portfolios.

Canadian Utilities

Canadian Utilities (TSX:CU) is engaged in the transmission and distribution of electricity and natural gas. It is also involved in the electricity generation and storage business and retail sales of electricity and natural gas. With the company earning a substantial percentage of its earnings from the five regulated-utility businesses, its cash flows are stable.

Supported by these robust cash flows, the company has raised its dividend for the previous 50 years, a record for a Canadian public company. It currently pays a quarterly dividend of $0.445/share, with its forward yield at 4.79%. Meanwhile, the company had invested $263 million in the first quarter, with 83% on regulated utilities. So, given its strategic investments and solid underlying business, Canadian Utilities is well equipped to continue its dividend growth.

BCE

Telecommunication companies are excellent defensive bets, with a substantial percentage of their revenue coming from recurring sources. The rising digitization and remote working and learning have increased the demand for telecommunication services. So, given the favourable environment, I have selected **BCE** (TSX:BCE)(NYSE:BCE) as my second pick.

Amid rising demand, BCE is strengthening its 5G and broadband infrastructure across Canada through an accelerated investment program. Supported by these investments, the company expects to expand its 5G service to 80% of the Canadian population by this year-end. Also, it hopes to add 900,000 new broadband connections this year. Additionally, BCE's revenue from its media segment could rise with the returns of sports events amid the easing of pandemic-related restrictions. So, the company's growth prospects look healthy.

Meanwhile, BCE also currently pays a quarterly dividend of $0.92/share, with its forward yield at 5.99%. So, considering its stable cash flows and high dividend yield, BCE could strengthen your portfolio in this volatile environment.

Enbridge

My final pick is **Enbridge** (TSX:ENB)(NYSE:ENB), which has raised its dividend for the last 27 years at a CAGR of 10%. With around 98% of its adjusted EBITDA generated from the regulated midstream energy business, the company's cash flows are reliable, thus allowing it to raise its dividend consistently. With a quarterly dividend of $0.86/share, the company's forward yield stands at 6.49%.

Meanwhile, amid the rising energy demand, the exploration and production activities have increased, driving the asset utilization rate of Enbridge. The company is progressing with its $10 billion secured growth program, with around $4 billion worth of projects delivered by the end of this year. Meanwhile, the company is also expanding its footprint in renewable space, with1.6 gigawatts of projects in the construction stage and additional three gigawatts of projects in advanced development state. So, given its stable cash flows, healthy growth potential, and a high dividend yield, I believe Enbridge would be an excellent buy for retirees.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:ENB (Enbridge Inc.)

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. kduncombe
2. rnanjapla

Category

1. Dividend Stocks
2. Investing

Date
2025/06/29
Date Created
2022/06/17
Author
rnanjapla