



Dividend Investors: 2 Oversold TSX Stocks to Buy for Retirement Passive Income

Description

The [market correction](#) is giving retirees and other investors focused on passive income a chance to buy some top TSX dividend stocks at cheap prices.

TD Bank

TD ([TSX:TD](#))([NYSE:TD](#)) trades near \$90 per share at the time of writing compared to the 2022 high around \$109. At the current price, investors can pick up a solid 4% dividend yield and wait of more distribution increases in the coming years. TD raised the payout by 13% for 2022. Another large increase should be on the way for 2023. TD is one of the top dividend-growth stocks on the **TSX Index** over the past two decades.

TD built up a war chest of excess cash during the pandemic as a measure to protect itself against a potential wave of loan defaults. In the end, government aid provided to homeowners and businesses avoided a worst-case scenario, and TD is now deploying the funds to drive future growth.

TD is buying **First Horizon**, an American bank, for US\$13.4 billion. The Canadian banking giant already has an extensive U.S. business that runs down the east coast of the country. First Horizon's business is primarily focused in the southeastern states, including Florida, where TD also operates. The deal adds more than 400 branches to TD's American business and will make TD a top-six bank in the U.S. market. This is important for Canadian investors who want to have good exposure to the U.S. banking sector through a top Canadian financial institution.

TD looks attractive at the current multiple of roughly 11 times trailing 12-month earnings. Ongoing volatility should be expected in the near term, but additional downside should be viewed as a good opportunity to add to the position. Buying TD stock on meaningful dips has historically turned out to be a savvy decision for income investors.

Canadian Natural Resources

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) has increased its dividend every year for more than 20 years. This is rare in the Canadian energy patch and is a testament to the quality of CNRL's asset base and its management team.

CNRL arguably owns the best resource portfolio in the Canadian energy sector with oil sands, conventional heavy oil, conventional light oil, offshore oil, natural gas liquids, and natural gas production sites. The company is probably best known for the oil sands assets, but CNRL is also a major natural gas producer and has significant land positions above vast natural gas basins.

Natural gas prices have soared in the past two years and are expected to remain elevated. The surge in global demand for Canadian and U.S. liquified natural gas (LNG) is just getting started, as Europe scrambles to end its reliance on Russia and Asian countries look for reliable supplies to replace oil and coal to produce power.

Canadian Natural Resources is a profit machine at current oil and natural gas prices. The board raised the quarterly dividend from \$0.425 to \$0.75 per share over the past two years. Additional big payout hikes are likely on the way. CNRL is also aggressively buying back stock and paying down debt.

The share price is up 45% in 2022, but down from the high of \$88 to \$78 at the time of writing. The stock looks [undervalued](#) at this level and offers a 3.8% yield.

The bottom line on top stocks for passive income

TD and CNRL are top dividend-growth stocks that appear oversold today. The yields might not be the highest in the TSX Index, but the size of future payout hikes should quickly offset the lower initial yield on the investment.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:TD (The Toronto-Dominion Bank)

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. aswalker
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/08/21

Date Created

2022/06/19

Author

aswalker

default watermark

default watermark