2 Safe Canadian Dividend Stocks to Buy Amid Rising Inflationary Pressures

Description

The **TSX Composite Index** has fallen by nearly 12% this year so far. And the possibility of stocks falling further remains open as concerns about a near-term recession and inflationary pressures cutting corporate earnings continue to haunt investors. That's why long-term investors may want to add some safe dividend stocks to their portfolios now, which could help them keep getting regular dividends income and reduce the overall risk to their investment portfolios.

In this article, I'll highlight two of the safest Canadian dividend stocks to buy amid rising concerns about inflationary pressures.

Westshore Terminals stock

Westshore Terminals Investment (TSX:WTE) is a Vancouver-based coal exports-focused firm with a market cap of about $2 billion. While this Canadian dividend stock has seen more than 15% value erosion in the last 30 days due to the recent broader market correction, it still trades with nearly 22% year-to-date gains at $31.48 per share.

Westshore Terminals Investment owns Canada's busiest coal export terminal, which is responsible for handling over 33 million tons of coal annually, through its wholly owned subsidiary Westshore Terminals Limited Partnership.

In the first quarter, Westshore's total revenue stood at $88.3 million — exceeding analysts' estimates of around $81.4 million. While higher expenses and a YoY (year-over-year) drop in Q1 revenue drove its earnings lower by 12.7% from a year ago, the growth in its top and bottom line is likely to turn positive in the coming quarters with the help of higher loading rates and lower expenses.

Moreover, I expect Westshore's business to remain largely unaffected by high inflation as the demand for its services remains strong. These factors should help WTE stock keep soaring and yield outstanding returns in the long run. Apart from these positive factors, this Canadian stock also offers a decent dividend yield of around 3.8% at the moment.

Sienna Senior Living stock

Sienna Senior Living (TSX:SIA) could be another attractive Canadian dividend stock to buy right now. It's a Markham-based seniors' living provider with its primary focus on services like independent supportive living, assisted living, memory care, and long-term care. The company projects the +75 population in Canada to grow by about 4% annually for the next 20 years, which creates a big opportunity for its seniors' living services. Sienna stock currently has a solid dividend yield of around 7.2%, as its stock trades with 14% year-to-date losses at $12.89 per share.

In 2021, Sienna Senior Living's total revenue remained nearly flat on a YoY basis at $668.5 million. Nonetheless, lower expenses on pandemic-related measures helped the company post $0.31 per share in adjusted earnings last year — significantly better than its adjusted net loss of $0.37 per share in 2020.

Street analysts expect continued strong demand for its care services, which are likely to remain largely unaffected by high inflation, to help Sienna post about a 97% YoY jump in its adjusted earnings in the ongoing year. Given its strong fundamental outlook and strong earnings growth expectations, I find this Canadian dividend stock cheap at the moment — especially after its sharp decline in the second quarter.

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2. TSX:WTE (Westshore Terminals Investment Corporation)

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