



Passive-Income Alert: 2 Cheap TSX Dividend Stocks for TFSA Investors to Buy Now

Description

The [market pullback](#) is giving retirees and other investors focused on passive income an opportunity to buy top TSX dividend stocks at [undervalued](#) prices for a self-directed TFSA.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) trades near \$123 per share at the time of writing compared to more than \$154 earlier this year. The entire banking sector is down in recent months due to rising recession fears.

Investors are concerned that high inflation and rising interest rates designed to bring inflation under control will trigger an economic downturn. A steep drop in the economy would likely reduce revenue growth for Bank of Montreal and its peers. Investors are also worried that the Canadian housing market could crash if highly leveraged households are unable to cover payments when their mortgage rates increase.

Despite these headwinds, Bank of Montreal should continue to deliver steady revenue and profit growth. The bank is in the process of buying **Bank of the West** in the United States for US\$16.3 billion. The deal will add more than 500 branches to the American business and will give BMO Harris Bank a strong foothold in the California market.

In Canada, Bank of Montreal has lower relative exposure to the housing market than some of its peers.

Investors who buy the stock at the current price can pick up a 4.5% dividend yield. Bank of Montreal raised the dividend by 25% late last year and increased it by another 4.5% when the bank reported the fiscal Q2 2022 results.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is an energy infrastructure company with more than \$100 billion in assets that include 93,000 km of natural gas pipelines in Canada, the United States, and the Caribbean. The firm also has oil pipelines, natural gas storage facilities, and power generation assets.

Domestic and international demand for natural gas is on the rise. Utilities are converting to natural gas from coal and oil to produce power, as they strive to hit emissions targets. Foreign buyers are turning to Canada and the United States to get steady supplies of liquified natural gas (LNG). Europe, in particular, is scrambling to source the fuel, as it shifts away from its reliance on Russia.

This all bodes well for TC Energy. The company's American infrastructure connects the Marcellus and Utica shale gas plays to the American Gulf Coast where LNG facilities are located. In Canada, TC Energy is building a pipeline that will bring natural gas from Canadian producers to a new LNG plant on the coast of British Columbia. This facility will ship LNG to buyers in Asia.

TC Energy trades near \$66 per share compared to the 2022 high above \$74. Investors who buy at the current price can get a 5.5% dividend yield.

The bottom line on top stocks to buy for passive income

Bank of Montreal and TC Energy pay attractive dividends that should continue to grow. If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your radar.

CATEGORY

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2. Investing

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2. NYSE:TRP (Tc Energy)
3. TSX:BMO (Bank Of Montreal)
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Author

aswalker

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