



3 Insanely Cheap Canadian Stocks to Buy for Passive Income

Description

Canadian stocks have been [severely correcting](#) for months. Recently, safe dividend stocks, which outperformed earlier this year, have also experienced a steep pullback.

This decline is creating attractive opportunities to buy quality dividend stocks at cheaper-than-average valuations. That also means dividend yields (the cash dividend return on your cost basis) are elevated above the norm.

If you can look past the current market doldrum, now is a great time to load up on quality Canadian dividend stocks that pay attractive passive income streams. Here's three top quality stocks that are very cheap today.

Canada's best energy stock with a long history of dividend-growth

If you're looking for exposure to [oil and gas stocks](#), **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) should be on the top of your list. It is a best-in-class Canadian oil and gas producer with long-life reserve assets that can produce energy at a very low cost.

With oil trading at around US\$100 per barrel, it's generating a huge surplus of cash. Even at much lower oil prices, this Canadian stock has been a dividend-growth machine. For 15 years, it has grown its dividend by around 21% annually.

Given today's high oil prices, further large dividend increases, and share buybacks are likely this year. After a recent 24% pullback, this Canadian stock looks cheap. It only trades with a price-to-earnings ratio of 5.4. Generally, investors look for stocks with a price-to-earnings ratio that is equal to or lower than that of the S&P 500's, and CNQ is well below this benchmark.

The company also has a price to free cash flow ratio of 4.8 which is stellar considering that investors generally look for anything under 15! And it's trading with a very attractive dividend yield of 4.7% right

now.

A top Canadian bank stock at a discounted price

Another high-quality Canadian dividend stalwart that just went on sale is **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)). Over the past six months, its stock is down 17%. For passive income lovers, this is a great long-term opportunity.

RBC has a large, diverse business that has weathered many economic storms including COVID-19. Despite current economic concerns, it has a well-balanced loan book and a strong balance sheet.

[Royal Bank](#) has a long history of growing its dividend by around 7% annually. Today, it trades with a 4.15% dividend yield. In comparison, its five-year dividend yield average is 3.78%.

It currently trades for only 10.7 times earnings. Other than during the pandemic-related market crash, there are not many other instances over the past decade where this quality dividend stock was cheaper.

A Canadian utility stock with a steady growth profile

If you're looking for a combination of safety and modest growth, **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is a great stock for passive income. It owns and operates a diverse range of utilities and renewable power assets in North and South America.

Given how crucial power and energy security are becoming, opportunities for growth and development should only grow from here. The company already has a large capital plan that is expected to result in 7-9% annual earnings and dividend growth for the coming few years.

Despite the optimistic outlook, this Canadian stock is down 11.7% in the past three months. Today, it trades with a 5.5% dividend yield. That is more than one percentage point higher than its five-year average of 4.3%.

With a price-to-earnings ratio of 17.2, Algonquin stock is trading at the low-end of its ten-year valuation range. It looks like a bargain with its ample yield today.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:CNQ (Canadian Natural Resources Limited)

6. TSX:RY (Royal Bank of Canada)

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. agraff
2. robbbrown

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/08/13

Date Created

2022/07/21

Author

robbbrown

default watermark

default watermark