Passive Income: 3 Dividend Stocks That Put the Strong U.S. Dollar to Work!

Description

If you're looking for passive income, it pays to invest in dividend stocks. Dividend stocks pay a portion of a company's profit to investors, similar to how savings accounts pay interest. They tend to deliver steady and reliable cash flows, which makes them popular with investors who are looking for income rather than maximum returns.

Beyond that, there are some specific reasons to get interested in Canadian dividend stocks. Many Canadian companies do business in the United States, and generate their dividends from U.S. sales. The U.S. dollar is very strong this year, which makes this source income desirable. U.S. stocks provide U.S. sourced income too, but they get taxed higher than Canadian stocks. Let's explore three dividend stocks that earn part of their income in the U.S.–and pass it on to shareholders!

CN Railway

The **Canadian National Railway** (TSX:CNR)(NYSE:CNI) is a Canadian rail shipping company that does business in the U.S. and Canada. It makes money by shipping things like oil, grain, wood, and cars.

Rail is the cheapest way to transport big items across long distances. Rail cars are massive, and they can ship more items than trucks can, in a shorter amount of time. They're also less fuel-hungry than airplanes. When you look at the cost savings associated with shipping by rail, it becomes evident that rail shipping is an industry that's not going anywhere, any time soon.

CN Railway is unique among Canadian railways in the amount of business it does in the United States. One of its lines stretches all the way to New Orleans, on which it ships billions of dollars worth of goods per year.

This year, CN Railway has had some issues. Its revenue grew 5% in the most recent quarter, but costs increased even more. As a result, its profit fell. However, with a three-coast network that ships goods all over the continent, as long as the economy grows, CN should grow with it.

TD Bank

The **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is a Canadian bank that makes about 36% of its profit in the United States. Many Canadian banks have U.S. operations, but TD's are by far the largest as a percentage of income. And, that U.S. exposure is set to increase. TD is currently working on buying out **First Horizon**, a medium-sized bank in the South Eastern United States. When the deal closes, TD will be the 6th largest bank in the U.S., and will gain $89 billion worth of assets.

TD is already a great bank that achieved positive earnings growth in the most recent quarter when most banks didn't. First Horizon could take things to the next level.

Bank of Montreal

Bank of Montreal (TSX:BMO)(NYSE:BMO) is another Canadian bank with U.S. operations. Its branches are common throughout the Midwestern United States. BMO is well known for its commercial banking operations, and won an award for commercial banking from World Finance Magazine.

Right now, BMO doesn't earn as much of its income from the U.S. as TD does. However, that could change. BMO is currently working on buying Bank of the West, a major California bank chain. Bank of the West is even bigger than First Horizon, and could make BMO a major player in U.S. financial services. With that in mind, this stock could be a great way to take advantage of a strong U.S. dollar.

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