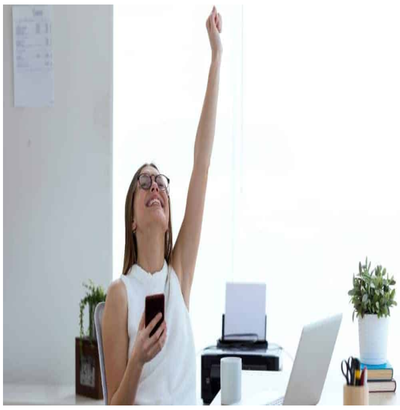

BCE Stock: 1 of My Favourite TSX Dividend Stocks to Buy Now

Description

As investors look for the TSX to add to its July gains in the third quarter, I'd look to top up on the many cheap Canadian dividend stocks out there before the price of admission goes shooting up. Indeed, a recession could be right around the corner, and higher rates may be the new reality that investors need to come to terms with. That said, there's still a lot of cash sitting on the sidelines with few places to hide from sky-high inflation levels, which could persist for another few months.

Even if the Bank of Canada is keen on crushing inflation at the expense of halting economic growth, investors should not expect an abrupt return to a 2% inflation environment. Indeed, we've been spoiled with inflation lying in the 1-2% range for such a long period of time.

Dividend stocks are a great way to counter "higher for longer" inflation

With inflation looking to peak at north of 8%, investors shouldn't expect recent front-loaded rate hikes to act as a magical cure for inflation. While inflation could fall quickly going into the latter half of the year, it could remain at above-average levels for years to come. Think of the 3-4% range as the new normal.

With less problematic, but still frothy inflation, the penalty for holding too much cash will remain elevated. That means overly conservative investors could continue to lose ground over investors willing to embrace market volatility.

Not to worry. We are going to look at one of the best TSX dividend stocks that I believe is on a fine middle ground. Shares have a low beta (0.38 at writing), meaning they are less likely to be as volatile as the TSX Index. Combined with a secure and bountiful dividend, and a reasonable price of admission, the following name seems too cheap to ignore right now. Without further ado, consider shares of **BCE** (TSX:BCE)(NYSE:BCE).

BCE sports a juicy 5.7% dividend yield at writing, slightly higher than the low-5% range following the stock's recent plunge into a correction. The stock trades at 19.8 times price-to-earnings (P/E), pretty much in line with the telecom industry average P/E of 20.8. Indeed, BCE stock seems fair-valued right now, but with so many economic uncertainties, it's arguable that BCE and its jumbo-sized dividend ought to make shares worth a bit of a premium.

Indeed, late phone bill payments and delayed device upgrades could weigh heavily on telecoms as we enter a recession. That said, BCE is a behemoth whose secure dividend will always appeal to the income-savvy crowds. Should shares plunge back to 52-week lows, the dividend yield would surpass 6% and beckon in the income seekers looking to shelter their wealth from high inflation.

BCE leaves a lot to be desired on the growth front, with low- to mid-single digit sales growth expected. But at the end of the day, a large and steady dividend is worthy of a premier multiple when a stagflation (a period of high inflation and stagnant economic growth) is still a possibility.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)

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. cleona
2. joefrenette

Category

1. Investing
2. Tech Stocks

Date
2025/08/23
Date Created
2022/08/02
Author

joefrenette