RRSP Investors: 2 Top Oversold TSX Stocks to Buy Now and Own to Retirement

Description

A market correction can be scary, but the steep drop in the the share prices of great Canadian dividend stocks is giving self-directed Registered Retirement Savings Plan (RRSP) investors a chance to pick up high yields and position their portfolios for attractive long-term returns.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a giant in the North American energy infrastructure industry with extensive oil and natural gas pipeline networks that move nearly a third of the oil produced in Canada and the United States and a fifth of the natural gas consumed by American residential and commercial users.

Enbridge sees opportunity for export growth in the coming years. The company purchased an oil export terminal in Texas last year along with related pipeline infrastructure. Enbridge is also building new natural gas pipelines to connect to liquified natural gas (LNG) facilities on the American Gulf Coast. In Canada, Enbridge is taking a 30% stake in a new $5.1 billion LNG facility being built on the coast of British Columbia.

Europe is scrambling to secure new energy supplies, as it looks to replace its reliance on Russia. Countries around the globe are transitioning from coal to natural gas as a fuel to produce power. Renewable energy has its limits due to the reliance on sun, wind, and water conditions. As a result, there will always be a need for fuel-driven power production to cover demand spikes or fill the gap when renewables fall short.

Enbridge increased its dividend in each of the past 27 years. The current $13 billion capital program should support dividend growth in the medium term. Enbridge has the balance sheet strength to make strategic acquisitions to drive additional revenue and cash flow expansion.

The stock appears oversold right now near $52 per share and provides a 6.5% dividend yield. That's quite a bit higher than you can get from a Guaranteed Investment Certificate (GIC), and there is good scope for capital gains once the market recovers.

TD Bank

TD (TSX:TD)(NYSE:TD) trades for $85 per share at the time of writing compared to the 2022 high around $109. Buying TD stock on big dips has historically proven to be a profitable move. A $10,000 investment in TD stock 25 years ago would be worth about $160,000 today with the dividends reinvested.

TD is using the excess cash it built up during the pandemic to make acquisitions in the United States. The moves are an extension of the plan that started in the mid-2000s to build a significant presence south of the border. TD is buying **First Horizon** for US$13.4 billion to add more than 400 branches in the southeastern part of the country. TD is also spending US$1.3 billion to beef up its capital markets operations with the purchase of **Cowen**, an investment bank.

TD raised the dividend by 13% for fiscal 2022. Another generous increase is likely on the way for 2023. Investors who buy the stock at the current price can get a 4.2% dividend yield.

The bottom line on top stock for RRSP investors

Enbridge and TD pay attractive dividends that should continue to grow. If you have some cash to put to work in a self-directed RRSP, these stocks look cheap and deserve to be on your radar.

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Date
2025/08/15
Date Created
2022/09/29
Author
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