



Passive Income: Why I'm Furiously Buying Dividends in 2022

Description

In 2022, I'm furiously buying dividend stocks, because they are among the best opportunities on the stock market today.

Tech stocks, especially smaller tech stocks, have been selling off all year, as they're struggling to make ends meet amid central bank rate hiking. The higher interest rates go, the less valuable growth becomes. That fact is taking a bite out of non-dividend paying tech stocks this year. However, dividend stocks are doing reasonably well. Oil stocks are up for the year, utility stocks are about flat, and other dividend stocks are down less than tech stocks are. In fact, tech stocks that pay dividends are down less than tech stocks that don't! So, whether you're a traditional value investor or a holder of dividend tech stocks, you're doing better than the average growth investor this year.

In January, I started re-positioning my portfolio to include a higher percentage of dividend stocks than it had previously. I'm glad I did. In this article, I'll explain why I'm buying dividend stocks furiously in 2022.

Dividend stocks are well positioned

One reason I'm buying dividend stocks this year is because the sectors that usually pay dividends are well positioned. Take oil, for example. Oil stocks like **Occidental Petroleum** ([NYSE:OXY](#)) have been delivering stunning growth, paying off debt, and raising their dividends all year long. Oil prices are down from their June peak but still up for the whole year. This means that oil stocks, to this day, are likely to report much higher income than they did this time last year.

That's one reason why I started buying up Occidental Petroleum when I heard about it this year. I saw that its stock was extremely cheap, despite growing its earnings by triple digits! I knew that growth would slow down eventually, but the sheer cheapness of the stock priced in several years of growth slowing down. It also didn't hurt that [Warren Buffett](#) was buying up the stock in massive quantities.

Dividend income is nice in any market

Another reason why I'm [buying dividend stocks](#) this year is because dividends are nice in any market condition. With dividends, you get cash paid to your brokerage account without having to sell stock. It takes a lot of the guesswork out of investing and reduces stress.

If you look at dividend stocks that haven't been doing so well in the stock market, you'll see that they're still cranking out the cash every single quarter. Take **Toronto-Dominion Bank** ([TSX:TD](#)) for example. Unlike Occidental Petroleum, this stock is not rising this year. It's down by about the same amount as the broader stock market. However, it had a 3.5% dividend yield at the start of the year. If you subtract the 3.5% from the capital loss, you end up with a total return that's much better than the stock market's overall return this year.

Foolish takeaway

2022 has not been a great year for the stock market, but it's a mistake to say that stock investors are doing poorly. Investors who prioritized value and dividends at the start of the year were rewarded. As for me, I'm still a buyer. In fact, I'm more enthusiastic about buying now than I was at the start of the year.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:OXY (Occidental Petroleum Corporation)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:TD (The Toronto-Dominion Bank)

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