3 TSX Stocks to Buy While They Are on Sale

Description

The market pullback is giving Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP) investors an opportunity to acquire top TSX dividend stocks at undervalued prices.

TD Bank

TD (TSX:TD) is a giant in the Canadian banking sector with a current market capitalization of $158 billion. The stock is down 12% in 2022, giving investors who missed the big rally off the 2020 lows a chance to buy TD on a decent dip.

TD is using the war chest of cash on its balance sheet to boost its presence in the American market. The bank is buying **First Horizon**, a retail bank, for US$13.4 billion. Once the deal closes, TD will become a top-six bank in the U.S. market with a strong branch network that runs from Maine down the east coast to Florida and into other states in the southeastern part of the country.

TD is also spending US$1.3 billion to buy **Cowen**, an investment bank. The deal will boost TD's capital markets capabilities, enabling it to compete better with peers on domestic and international opportunities.

TD raised its dividend by 13% for fiscal 2022. Another generous increase should be on the way for next year. Investors who buy the stock at the current price near $87 can get a 4% dividend yield.

Manulife

Manulife (TSX:MFC) trades for close to $22 per share at the time of writing compared to $28 earlier this year. The stock is down due to the impacts of the Omicron surge in the first part of the year andthe subsequent crash in stock markets through the first and second quarters of 2022. In the insurance businesses, payouts for morbidity and mortality claims jumped in Canada and the United States while covid-lockdowns in Asia slowed product sales. On the wealth and asset management side, falling stock markets have put a dent in fees.

Near-term market volatility is expected and covid-19 is still a threat; however, better times should be on the way over the coming years, and investors might be underestimating the positive impact that Manulife will get from the recent jump in interest rates. Insurance companies need to set significant cash aside to cover potential claims. As interest rates rise, the return Manulife generates on these funds also increases.

The stock appears oversold today and offers a solid 6% dividend yield.

Suncor

Suncor (TSX:SU) trades for close to $45 per share at the time of writing. This is about where the stock sat just before the pandemic when West Texas Intermediate oil traded for around US$60 per barrel. Interestingly, oil now trades for US$84, which is a very profitable price for Suncor.

Fuel demand has returned to 2019 levels and is expected to rise, as commuters head back to the office and airlines ramp up capacity to meet the surge in travel bookings. This bodes well for oil prices in the coming years and for Suncor's production, refining, and retail operations.

The dividend is back above the pre-cut level, and investors should see decent payout increases or special bonus dividends emerge in 2023, as debt drops and share buybacks boost earnings and cash flow on a per-share basis.

The current base dividend provides a 4% dividend yield.

The bottom line on top TSX stocks to buy now

TD, Manulife, and Suncor pay attractive dividends that should continue to grow. If you have some cash to put to work in a TFSA or RRSP, these stocks appear undervalued today and deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)

4. TSX:MFC (Manulife Financial Corporation)
5. TSX:SU (Suncor Energy Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. aswalker
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/07/20
Date Created
2022/10/26
Author
aswalker