2 Blue-Chip Dividend Stocks to Stabilize Your Portfolio

Description

The stock market in Canada has seen a sharp correction in the last few months. After witnessing a more than 10% value erosion in the last seven months, the **TSX Composite Index** currently trades with 7.4% year-to-date losses. High inflation, growing geopolitical tensions after the Russian invasion of Ukraine, and rapidly rising interest rates are taking a toll on investors' sentiments. In such uncertain market times, the advantage of having some blue-chip dividend stocks in your portfolio becomes more evident, which could stabilize your portfolio and reduce your overall risk profile.

In this article, I'll talk about two of the best Canadian large-cap dividend stocks that you can buy now.

One Canadian blue-chip dividend stock from the bank sector

If you want to safeguard your portfolio from broader market uncertainties, you should consider adding a blue-chip bank stock to it that could continue to reward investors with quality dividends, even in difficult economic times. Considering that, **Toronto-Dominion Bank** (TSX:TD) could be a great stock to own for the long term. It currently has a market cap of $159.7 billion, as its stock trades at $88.46 per share with 9.3% year-to-date losses. At the current market price, TD Bank stock offers a dividend yield of around 4%.

While the COVID-19-related restrictions on physical activity affected core banking operations, a significant surge in TD Bank's wealth management and capital markets segments helped it continue posting strong financial growth in the last couple of years. This is one of the key reasons why its total revenue jumped by 24% in five years between the fiscal years 2016 and 2021. To add optimism, the bank's adjusted earnings surged 62% during this five-year period to $7.91 in its fiscal year 2021.

You can expect its spectacular financial growth trend to remain intact in the long term, despite short-term economic worries, as TD Bank remains focused on digital initiatives while maintaining strong risk culture.

And a blue-chip energy sector giant with safe dividends

When you’re buying stocks to hold for the long term, it’s highly recommended that you diversify your stock portfolio. Keeping that in mind, **Canadian Natural Resources** (TSX:CNQ) is my second large-cap dividend stock pick right now. This energy sector giant currently has a market cap of $90.1 billion, as its stock trades at $81.62 per share after gaining 54.3% in 2022 so far. At this market price, CNQ stock has an attractive dividend yield of about 4.2%.

In the September quarter, Canadian Natural reported a 74.6% year-over-year jump in its adjusted earnings to $3.09 per share, despite the recent weakness in commodity prices. In the previous six quarters combined, its adjusted earnings more than doubled. With this, the energy company has consistently been beating analysts’ earnings estimates for the last 10 quarters — clearly reflecting the underlying strength of its diverse business model.

Apart from its strong financial growth trends in recent quarters, Canadian Natural’s flexible capital allocation, robust balance sheet, and largely predictable cash flows make it one of the best dividend stocks to buy in Canada to stabilize your portfolio.

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Date
2025/08/16
Date Created
2022/11/09
Author
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