3 Outstanding TSX Stocks That Just Went on Sale

Description

The market correction in recent months is finally giving Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP) investors a chance to buy top Canadian dividend stocks at discounted prices. One popular strategy for building long-term retirement wealth involves buying high-quality, dividend-growth TSX stocks and using the distributions to acquire new shares.

TD Bank

TD (TSX:TD) trades for close to $88.50 per share at the time of writing compared to $109 at the 2022 peak. The steep pullback has investors wondering if more downside is on the way before TD and its peers will rebound.

Economists currently expect Canada and the United States to go through a mild recession in 2023 or 2024. Assuming they are correct, the plunge in TD's share price looks overdone. TD remains very profitable and is expected to maintain a strong capital position next year, even after it closes two large acquisitions south of the border. TD is buying **First Horizon**, a retail bank with more than 400 branches, for US$13.4 billion and **Cowen**, an investment bank, for US$1.3 billion.

TD increased the dividend by 13% for 2022. The bank is on track to top its 2021 results in full-year fiscal 2022, so a decent dividend increase should be on the way for fiscal 2023.

TD stock provides a 4% dividend yield.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ) just raised its quarterly dividend by 13% to $0.85 per share. This is on top of a 28% increase earlier this year and a 25% raise late in 2021. In addition, CNRL gave investors a bonus $1.50 per share in August, supported by strong profits due to the rebound in oil and natural gas prices.

The stock trades near $79 per share at the time of writing compared to a 2022 high around $88. Oil prices have pulled back from US$120 since June, but West Texas Intermediate oil still trades at a very profitable level above US$80 per barrel.

Tight supplies are expected to continue in the next few years, as global producers are unable or unwilling to meaningfully ramp up production. At the same time, fuel demand continues to recover, as airlines boost capacity and commuters head back to offices.

CNRL has increased the dividend for 23 consecutive years. The current distribution provides a yield of 4.25%.

BCE

BCE (TSX:BCE) trades for $62 per share compared to the 2022 high around $74. The pullback appears overdone given the strong third-quarter 2022 results and the positive outlook for the mobile and internet services revenue streams.

BCE generated third-quarter adjusted net earnings of $801 million compared to $748 million in the same period the previous year. Adjusted earnings per share jumped 7.3% and free cash flow rose 13.4%.

Investors should see a dividend increase in the 5% range for 2023, supported by the solid 2022 results. At the time of writing, BCE stock provides a 5.95% dividend yield.

BCE should be a good stock to own through a recession due to the essential nature of its wireline and wireless services.

The bottom line on top TSX stocks to buy on a pullback

TD, CNRL, and BCE all pay attractive dividends that should continue to grow in the coming years. If you have some cash to put to work, these stocks deserve to be on your radar.

CATEGORY

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2. Investing

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2. TSX:CNQ (Canadian Natural Resources Limited)
3. TSX:TD (The Toronto-Dominion Bank)

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