



Passive Income: 2 Top TSX Dividend Stocks to Own for Decades

Description

The [market correction](#) is giving investors a chance to buy top [TSX](#) dividend stocks at discounted prices for retirement portfolios focused on passive income.

Canadian Natural Resources

CNRL ([TSX:CNQ](#)) is Canada's largest oil and gas company with a current market capitalization of \$81 billion. The stock has bounced back from the pandemic drubbing and recently traded for nearly double its pre-pandemic price.

The recovery in oil and natural gas prices has bolstered profits in the past two years, and CNRL has done a good job of using the excess cash to reduce debt while also rewarding shareholders with higher dividends and stock buybacks.

Margins are not as high today as they were when West Texas Intermediate (WTI) oil topped US\$120 earlier this year, but even at current oil prices, CNRL is generating solid profits. The price of natural gas, which is a larger part of CNRL's portfolio than some investors might know, remains elevated and is expected to stay high for several years. International demand for Canadian and U.S. natural gas is expected to rise, as Europe and other buyers look to diversify their supplies after the shock caused by the war in Ukraine.

At the time of writing, CNQ stock trades for close to \$73.50 per share compared to \$88 in June. WTI oil is down to \$76. Oil bulls think the price is headed back to US\$100 next year, even if there is a global recession. Industry leaders say there is limited scope or desire to boost output while demand is expected to grow, as airlines expand capacity, commuters return to offices, and China eases its COVID-19 restrictions.

At the time of writing, CNQ stock provides a 4.6% dividend yield. The board has raised the payout for 22 consecutive years with a compound annual growth rate of about 22%.

TD Bank

TD ([TSX:TD](#)) is betting big on future growth in the U.S. financial services market. The company is in the process of making two strategic acquisitions that will give the Canadian bank a much larger presence south of the border.

TD is buying First Horizon for US\$13.4 billion. The deal will add more than 400 branches largely located in the U.S. southeast. This should go well with TD's current network of branches that runs from Maine right down the east coast to Florida. Once the deal is done, TD will become a top-six bank in the United States.

TD is also buying Cowen, an investment bank, for US\$1.3 billion. The addition will bolster TD's capital markets capabilities.

TD delivered fiscal 2022 adjusted earnings that beat the strong 2021 results. Management is targeting 7-10% earnings growth in 2023, despite the economic headwinds and risks of a recession in both Canada and the United States.

At the time of writing, TD stock provides a 4.4% dividend yield. TD raised the dividend by 13% for fiscal 2022, and investors have received a compound annual growth rate of better than 10% for more than two decades.

The shares are currently trading below \$88 from the 2022 high of \$109, giving investors a chance to buy this top TSX dividend stock on a nice dip.

The bottom line on top TSX stocks to buy for passive income

CNRL and TD pay attractive dividends that should continue to grow. If you have some cash to put to work in a portfolio focused on passive income, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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

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