TFSA Investors: 3 TSX Dividend Stocks to Own Through a Recession

Description

Retirees and other Tax-Free Savings Account (TFSA) investors seeking reliable passive income are looking for quality TSX dividend stocks that should continue to deliver solid dividend growth during difficult economic times.

BCE

BCE (TSX:BCE) is Canada's largest communications company with a current market capitalization of close to $54.5 billion. The company provides mobile, internet, TV, and security services to Canadian households and businesses across world-class wireless and wireline networks. BCE also has a media division that includes a television network, specialty channels, online portals, and radio stations. Retail operations and interests in professional sports teams round out the portfolio.

BCE invested roughly $5 billion in 2022 to upgrade the network infrastructure and position the company for revenue growth. Fibre optic lines ran to the premises of 900,000 more clients and BCE expanded its 5G mobile network. These initiatives will set the business up to provide new and upgraded services while helping protect BCE's competitive moat.

BCE stock appears oversold at the current price near $60 per share. The stock was as high as $74 earlier this year. Investors who buy now can get a 6.1% dividend yield.

Royal Bank

Royal Bank (TSX:RY) recently announced a $13.5 billion deal to acquire **HSBC Canada**. The purchase will add roughly 130 branches and $134 billion in assets.

Royal Bank generated solid fiscal 2022 earnings that came in just a bit below the strong 2021 results. The bank is Canada's largest by market capitalization and ranks among the top 10 in the world based on this metric.

Royal Bank increased the dividend by 11% late last year and by another 7.5% when the company announced the fiscal second-quarter 2022 results. This suggests management is not too concerned about the revenue or earnings outlook for 2023.

A deep recession that causes unemployment to soar would be negative for the bank and its peers. However, economists broadly expect Canada to see a short and mild economic downturn in 2023.

Royal Bank trades near $128 per share at the time of writing compared to the 2022 high just under $150. The stock is down just 6% in 2022 compared to losses of more than 25% for some of its peers.

Enbridge

Enbridge (TSX:ENB) trades for close to $52.50 at the time of writing compare to $59.50 in June. The drop appears overdone, considering the steady performance of the company in 2022 and the anticipated ongoing strength in demand for oil and natural gas through 2023.

Enbridge isn't an oil and natural gas producer. The company simply moves the commodities from production sites to their destinations and charges a fee for providing the service. Volatility in the prices of oil and natural gas have limited direct impact on Enbridge's revenue stream. In fact, as long as pipelines are full, the company is in good shape.

Enbridge is directing new investments to segments that offer strong growth potential. These include oil and natural gas exports, renewable energy, hydrogen, and carbon capture.

Investors who buy the stock at the current level can get a 6.75% dividend yield. Enbridge has increased the payout for 28 consecutive years.

The bottom line on top stocks to own in a recession

BCE, Royal Bank, and Enbridge are leaders in their respective industries and should continue to raise their dividends through an economic downturn. If you have some cash to put to work for 2023, these stocks deserve to be on your radar.

CATEGORY

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2. TSX:ENB (Enbridge Inc.)
3. TSX:RY (Royal Bank of Canada)

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