BMO strategist’s stock picks for dividend growth potential

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Daily roundup of research and analysis from The Globe and Mail’s market strategist Scott Barlow

BMO chief strategist Brian Belski reaffirmed his belief in dividend growth stocks as his preferred in investment strategy and he offered a list of dividend growth potential stocks,

“Dividend-based strategies meaningfully outperformed in 2022, with dividend-paying stocks in the TSX down just 2 per cent on average during the year, ahead of the negative 6-per-cent total return seen by the S&P/TSX composite and well ahead of the 17-per-cent average decline seen by non-dividend paying stocks … Overall, despite the slight underperformance year to date, we believe income-based strategies remain well-positioned to outperform again in 2023, particularly as the market struggles with the end of the interest rate tightening cycle, elevated but declining inflationary levels, and recession risk. While our work shows S&P/TSX dividend payers can outperform in many market environments, including periods when the TSX is up over 10 per cent year-over-year, these dividend-based strategies typically post some of their best relative performance when inflation is above the three-year average and falling - like it is now”

Mr. Belski presented a list of dividend-paying stocks where strong free cash flow allows for dividend increases. These are ARC Resources Ltd., Algoma Steel Group Inc., Alimentation Couche-Tard, Boardwalk REIT, Birchcliff energy Inc., CCL Industries Inc., Crescent Point Energy, Constellation Software, Cenovus Energy, Dollarama Inc., BRP Inc., Enerplus Corp., Gildan Activewear Inc., Hudbay Minerals Intact Financial Corp., Interrent REIT, Imperial Oil Ltd., Metro Inc., Methanex Corp., Nutrien Ltd., Paramount Resources, Pason Systems Inc., Parex Resources, Stelco Holdings Inc., Tricon Residential Inc., Spin Master Corp., Waste Connections Inc., Whitecap Resources Inc. and West Fraser Timber Co.

“BMO: Canadian dividend growth potential stocks” – (table) [Twitter](https://twitter.com/SBarlow_ROB/status/1618590721891790849?s=20&t=wvg2Fyw_XYHfWiSjvvs6Nw)