3 Dividend Stocks for Income Seekers

Description

Investors are getting more skittish with the markets. Risk avoidance is rising, which is why dividend-paying stocks in the telecom and banking sectors are holding up. Momentum plays, notably in technology and pharmaceutical, are falling. Negative news will rise as markets continue to drop, but the best way to navigate through the noise is to focus on favorable company-specific events.

1. Embridge

In the natural gas distribution market, **Enbridge Inc.** (TSX: ENB)(NYSE: ENB) received approval from the Ontario Energy Board ("OEB") to increase rates by a whopping 40%. The OEB also approved the rate increase application from **Union Gas Ltd.** The increase will hit Enbridge customers next winter. Enbridge will not see a profit from the increases, since it is not allowed to. It may only earn a profit at a rate that the OEB approves. Still, the rate increase should help offset rising costs for Enbridge.

For the year ended December 2014, analysts expect Enbridge to earn $1.94 per share on average, and $2.28 per share in 2015. This gives Enbridge a forward P/E of 21.9. With an annualized dividend of $1.40, shares yield 2.78%.

2. Telus

In the telecom sector, **Telus Corp.** (TSX: T)(NYSE: TU) announced it will move Public Mobile users between May and mid-August. This will cut the cost of servicing the 2G network which supports 260,000 customers. At a quarterly rate of $0.36 per share, Telus yields 3.57%. The estimated date for Telus reporting quarterly results is May 8, 2014. The consensus estimate is earnings of $2.34 per share this year, and $2.61 per share next year.

3. Bank of Montreal

In the financial sector, **Bank of Montreal** (TSX: BMO)(NYSE: BMO) cut its fixed five-year mortgage rate to 2.99%. The move follows **Toronto-Dominion Bank** lowering its four-year fixed rate to 2.97%. **The Bank of Nova Scotia** now offers a four-year mortgage at 2.94%.

The new Finance Minister, Joe Oliver, said the government was watching consumer indebtedness. He observed BMO's mortgage rate decrease was in response to the drop in bond yields. He did not imply that the government will prevent the Canadian banks from offering low lending rates.

To bolster demand for its mutual funds, the bank announced a new line of discount mutual funds. These funds will be managed mutual funds whose expense ratio will be lower.

Analysts have an average earnings estimate in BMO of $6.42 per share for 2014, and $6.84 per share in 2015. This gives the bank a current P/E of 11.45.

Foolish bottom line

Dividend-paying stocks could fall as markets decline, but momentum and speculative investments will fare worse. Investors will have the luxury of being rewarded a quarterly dividend while riding out the volatility in the markets.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:TU (TELUS)
4. TSX:BMO (Bank Of Montreal)
5. TSX:ENB (Enbridge Inc.)
6. TSX:T (TELUS)

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Date
2025/08/26
Date Created
2014/04/01
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