

The 10 Highest Dividend Yields of the S&P/TSX 60 in April

Description

The Canadian economy has been sluggish lately, but you already know that. *Why* it has been sluggish is important. While there are many reasons, the biggest is that high debt loads and low oil prices could slow growth across the country.

And there's good reason to think it will. In Alberta the ranks of the unemployed are growing as energy companies trim their payrolls. Rosy economic outlooks must therefore rely on strong consumer spending, but many Canadian households are up to their eyeballs in debt.

So, if business stalls, what should you do with your money? You could do worse than double down on dividends. Numerous studies have shown that high-yield stocks tend to beat the market in the long haul. And if the capital appreciation side of equities spins its wheels, dividends can still carry you along with respectable returns.

With this theme in mind, let's have a look at the top yielding stocks in the **S&P/TSX 60** index.

| Company | Market Cap | Yield |
|------------------------------------|------------|-------|
| Crescent Point Energy Corp. | \$14.6B | 8.5% |
| TransAlta Corporation | \$3.4B | 5.8% |
| Talisman Energy Inc. | \$10.0B | 5.7% |
| ARC Resources Ltd. | \$8.5B | 4.8% |
| Potash Corp./Saskatchewan | \$27.3B | 4.8% |
| BCE Inc. | \$45.8B | 4.8% |
| Inter Pipeline Ltd. | \$10.6B | 4.7% |
| Cenovus Energy Inc. | \$19.2B | 4.6% |
| Rogers Communications Inc. | \$22.3B | 4.4% |
| Canadian Imperial Bank of Commerce | \$38.3B | 4.4% |

Source: Yahoo! Finance

To be clear, these are not formal buy recommendations. Rather, you should only use this list as a place to start your research because an unusually high yield could indicate that the current payout is unsustainable.

Teck Resources Ltd. (TSX:TCK.B)(NYSE:TCK) is a great example. In previous months, the company showed up on this high-yield list many times, luring in investors with its tidy 6% payout. But when faced with low coal prices, the miner was forced to slash its dividend by two-thirds last week.

Crescent Point Energy Corp (TSX:CPG)(TSX:CPG) is another deceptive high yielder. Sure, the company's 8.5% payout looks tempting. However, with falling oil prices Crescent Point has a lot less cash coming in the door.

To manage both its generous distribution and expensive shale drilling program, management has been funding its dividend by diluting existing investors. In essence, they're paying shareholders with their own money! That's why you always have to dig into the financials to understand what's going on.

However, there are some good income ideas on this list. Take **Inter Pipeline Ltd.** (TSX:IPL) for example. This company owns pipelines, terminals, and storage facilities. This is the infrastructure that ships and stores oil, natural gas, and other energy products throughout the country.

In return for moving and storing these products, this company earns a fee that is passed on to investors. What I love about this business is that while oil prices can swing wildly from day to day, the total volume of crude actually being moved remains remarkably consistent. As a result, Inter Pipeline hasn't skipped a single dividend payment to shareholders since going public in 1997.

Rogers Communications Inc. ([TSX:RCI.B](#))([NYSE:RCI](#)) is another great income idea. This company churns out some of the most reliable dividends around. However, the telecom giant is looked down upon because it works in a mature industry.

Then again, when you see a stock paying out over 4%, no one should expect much in the way of earnings growth. But with a yield like this, shareholders who sit around reinvesting their dividends will easily beat most others as the years go by.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:CVE (Cenovus Energy Inc.)
4. NYSE:RCI (Rogers Communications Inc.)
5. NYSE:TAC (TransAlta Corporation)
6. NYSE:VRN (Veren)
7. TSX:ARX (ARC Resources Ltd.)
8. TSX:BCE (BCE Inc.)
9. TSX:CM (Canadian Imperial Bank of Commerce)
10. TSX:CVE (Cenovus Energy Inc.)
11. TSX:RCI.B (Rogers Communications Inc.)
12. TSX:TA (TransAlta Corporation)

- 13. TSX:TECK.B (Teck Resources Limited)
- 14. TSX:VRN (Veren Inc.)

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