Attention Income Investors: These 2 Dividend Stocks Should Be on Your Radar

Description

Finding attractive yield at a reasonable price is becoming difficult in the Canadian market.

Let's take a look at **Shaw Communications Inc.** (TSX:SJR.B)(NYSE:SJR) and **Inter Pipeline Ltd.** (TSX:IPL) to see why they might be good picks.

Shaw

Shaw is in the middle of a serious transformation, and investors have decided to stay on the sidelines until the dust clears on all the changes.

What's going on?

The company recently purchased Wind Mobile in a strategic shift that throws Shaw into the battle for Canadian wireless subscribers.

Market watchers are somewhat confused because Shaw had long maintained the position that it wasn't going to enter the mobile fray and even sold off some valuable spectrum not that long ago.

In the end, management realized that Canadians want to get their TV, Internet, and mobile services from a single supplier, and that tipped the scale on the mobile investment.

I think the decision will eventually prove to be a positive one. Shaw can now compete for wireless customers with archrival **Telus** in western Canada, and the ability to offer bundles should help the company retain subscribers for its other products.

In order to pay for the Wind Mobile acquisition and finance the expansion of the wireless network, Shaw sold its media operations to **Corus Entertainment**. The deal is timely as it eliminates content risk just as Canadians move to a pick-and-pay system for TV subscriptions.

Once the transition process is complete, I think investors will return to the stock.

At the moment, Shaw trades at a discount to its peers and offers a safe dividend yield of 4.8%.

Inter Pipeline

Inter Pipeline took a hit last year as investors fled any name connected to the energy sector, but the earnings results suggest the sell-off was overdone.

The company transports 15% of western Canada's conventional oil output and 35% of the country's oil sands production. New assets and strong throughput pushed funds from operations (FFO) up 5% in Q1 compared with the same period last year.

Inter Pipeline also has a successful liquids storage business in Europe. The division reported year-over-year FFO growth of 53%, driven by Q1 utilization rates of 98% and higher revenue coming from new capacity.

Inter Pipeline continues to add new infrastructure, and that should ensure dividend stability. The stock currently pays a monthly distribution of 13 cents per share for a yield of 6%.

As the energy sector continues to recover, Inter Pipeline should catch a nice tailwind.

CATEGORY

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TICKERS GLOBAL

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