



3 Pipeline Stocks With Yields up to 5% to Buy Now

Description

If you're interested in buying a high-yielding stock with exposure to the oil and natural gas industries, but want to minimize your risk associated with commodity prices, then pipeline stocks should interest you.

Pipeline operators generally have long-term, fee-based contracts with the companies that utilize them, which means they are not directly affected by the day-to-day price action in commodity prices. This also leads to predictable cash flows for the pipeline operators, allowing them to return a significant amount of capital to their shareholders in the form of dividends.

With all of this in mind, let's take a look at three pipeline stocks with high and safe dividend yields of 3-5%, active streaks of annual increases, and the ability to continue growing their payouts going forward, so you can determine which would fit best in your portfolio.

1. Enbridge Inc.

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) owns and operates North America's largest pipeline network, which is comprised of approximately 27,600 kilometres of liquids pipelines and approximately 24,800 kilometres of natural gas pipelines. It also owns and operates other energy infrastructure assets, including oil and natural storage facilities, natural gas processing and fractionation plants, natural gas distribution facilities, power transmission lines, and renewable power generation facilities.

It pays a quarterly dividend of \$0.53 per share, or \$2.12 per share annually, which gives its stock a yield of about 3.9% at today's levels.

Investors must also make the following two notes about its dividend.

First, the company's two dividend hikes since the start of 2015, including its 14% hike in December, have it on pace for 2016 to mark the 21st consecutive year in which it has raised its annual dividend payment.

Second, it has a dividend-per-common-share growth target of 14-15% annually through 2019.

2. TransCanada Corporation

TransCanada Corporation ([TSX:TRP](#))([NYSE:TRP](#)) owns and operates one of North America's largest natural gas pipeline networks with approximately 66,400 kilometres of pipeline. It also owns and operates other energy infrastructure assets, including approximately 4,300 kilometres of crude oil pipelines, natural gas storage facilities, and power generation facilities.

It pays a quarterly dividend of \$0.565 per share, or \$2.26 per share annually, which gives its stock a yield of about 3.95% at today's levels.

Investors must also make the following two notes about its dividend.

First, the company's 8.7% dividend hike in February has it on pace for 2016 to mark the 16th consecutive year in which it has raised its annual dividend payment.

Second, it has a dividend-per-common-share growth target of 8-10% annually through 2020.

3. Pembina Pipeline Corp.

Pembina Pipeline Corp. ([TSX:PPL](#))([NYSE:PBA](#)) owns and operates 9,100 kilometres of conventional crude oil pipelines and 1,650 kilometres of oil sands and heavy oil pipelines in Canada and the northern United States. It also owns and operates other energy infrastructure assets, including natural gas processing and fractionation plants, oil and natural gas storage facilities, and truck terminals.

It pays a monthly dividend of \$0.16 per share, or \$1.92 per share annually, which gives its stock a yield of about 5% at today's levels.

Investors must also note that the company's two dividend hikes since the start of 2015, including its 4.9% hike in March of this year, have it on pace for 2016 to mark the fifth consecutive year in which it has raised its annual dividend payment.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:TRP (Tc Energy)
4. TSX:ENB (Enbridge Inc.)
5. TSX:PPL (Pembina Pipeline Corporation)
6. TSX:TRP (TC Energy Corporation)

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