Attention Savers: 2 Oversold Canadian Dividend Stocks for Your TFSA

Description

Once in a while, the market provides an opportunity to buy top-quality dividend stocks at attractive prices.

Let's take a look at **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) and **Inter Pipeline Ltd.** (TSX:IPL) to see why they might be interesting picks today.

Enbridge

Enbridge closed its $37 billion purchase of Spectra Energy earlier this year in a deal that added important gas assets to complement Enbridge's strong focus on liquids pipelines.

The move also created North America's largest energy infrastructure company.

Enbridge has $31 billion in commercially secured near-term projects under development that should provide a nice boost to revenue and cash flow in the coming years.

As a result, the company has said it expects to raise the dividend by 10-12% per year through 2024.

Enbridge reported weaker-than-expected Q3 2017 earnings, but management said Q4 should be better. The company also confirmed its available cash flow from operations guidance of $3.60-3.90 per share for the year.

At the time of writing, the stock is down 18% in 2017 and provides a 5.25% yield.

Even if dividend growth doesn't come in at the high end of the guidance, investors should see the payouts continue to increase at a regular clip.

IPL

IPL owns natural gas liquids (NGL) extraction assets, conventional oil pipelines, oil sands pipelines, and a liquids storage business in Europe.

The company has navigated through the oil rout in pretty good shape, and management even took advantage of the downturn to add strategic assets at discounted prices, including the purchase of two NGL extraction facilities from **The Williams Companies** for $1.35 billion.

In addition, the company is evaluating a $3 billion capital project that could be completed in 2021. If the developments get the green light, investors should see a nice boost to cash flow.

IPL pays a monthly dividend of 13.5 cents per share. That's good for a yield of 6.4%.

Is one more attractive?

Both stocks should continue to be solid picks for a dividend-focused portfolio.

Oil prices appear to be in recovery mode, which means conventional oil drilling activity should increase. That is good news for the pipeline operators, who normally see a boost in demand for their services as a result. In addition, oil sands production is rising, and there are still limited options for the companies to move the product to the market.

At this point, I would probably split a new investment between the two companies. Enbridge provides good U.S. exposure, and IPL offers a very attractive yield.

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