



Income Investors: 2 High-Yield Stocks That Should See Big Dividend Hikes in 2018

Description

Canadian dividend investors are always searching for quality income stocks that have the potential to raise their distributions every year.

Once in a while, the market provides an opportunity to pick up such names at [attractive prices](#), while offering above-average yields.

Let's take a look at **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **Altagas Ltd.** ([TSX:ALA](#)) to see why they might be interesting picks.

Enbridge

At the time of writing, Enbridge is down 16% in 2017, and that's after a multi-day mini-rally that saw the stock jump from \$44 to \$47.50 per share.

Bottom feeders who picked the stock up at the recent low are all smiles, but the opportunity still exists to get in at a reasonable price and secure an attractive 5.1% yield.

Enbridge has had a busy year, with its \$37 billion purchase of Spectra Energy. The Spectra deal, which closed in early 2017, added important gas assets and provided a nice boost to the near-term capital plan.

In fact, Enbridge has about \$31 billion in commercially secured developments on the go that should translate into a nice increase to revenue and cash flow in the medium term.

In the Q1 2017 earnings report, Enbridge said it expects to deliver annual dividend growth of 10-12% through 2024, as the new assets are completed and go into service.

The statement was omitted from the Q3 report, which might be why investors initially sold the stock. It was just announced that dividend growth won't hit the top end of the target, but investors should still see attractive increases in the coming years, and they can already pick up a great yield.

Altagas

Some pundits view Altagas as a mini-Enbridge.

The company has gas, utility, and power assets in Canada and the United States, and it continues to grow through a mix of strategic acquisitions and organic projects.

The big play this year is the purchase of Washington, D.C.-based **WGL Holdings** for \$8.4 billion.

Investors are concerned Altagas might not be able to sell some non-core assets at targeted prices to help pay for the deal. The coming months will tell, but management expects the acquisition to close in the first half of next year, and the company is anticipating annual dividend increases of at least 8% for 2019-2021. Investors could see a hefty rise in 2018 as well.

The existing assets are performing as expected, and Altagas just bumped up the dividend by 4%, so management can't be overly concerned about the revenue and cash flow outlook.

The stock has bounced off the lows of the year, but is still down 13% in 2017 and offers a juicy 7.4% yield.

The bottom line

Once in a while, income investors get a treat, and Enbridge and Altagas are just two of the [attractive stocks](#) out there that deserve a closer look today.

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