4 Dividend Stocks in the Natural Resources Sector Yielding up to 7%

Description

Statistics Canada recently released its natural resources indicators for the third quarter of 2017. Real natural resource gross domestic product (GDP) rose 0.1% in Q3 2017, which lagged behind the 0.6% growth in the broader economy. Activity in the natural resource sector accounted for 10.6% of Canadian GDP at $211 billion nominally.

Let's look at four income-yielding stocks that investors can target in 2018.

Emera Inc. (TSX:EMA)

Emera is a Halifax-based energy and utilities company. The stock has fallen 1.8% in 2018 thus far. In the third quarter of 2017, electricity was the one commodity group in the energy sub-sector to experience growth — 4% compared to a broader decline of 0.2%.

Emera released its third-quarter 2017 results on November 10. The company posted a profit of $81 million, or $0.38 per share, compared to a $95 million loss, or $0.52 per share, in the prior year. Adjusted net income climbed to $118 million from $14 million in Q3 2016. Cash flow also jumped 55% to $956 million.

The company announced a quarterly dividend of $0.56 per share, representing a 4.9% dividend yield.

West Fraser Timber Co. Ltd. (TSX:WFT)

West Fraser is a Vancouver-based forestry company. Shares have surged 10.5% in 2018 as of close on January 19. West Fraser performed well throughout 2017 in spite of softwood lumber duties imposed by the United States. Ottawa launched a formal challenge against the duties with the World Trade Organization and through chapter 19 of NAFTA.

Prices for wood and sawmill products were up 2.1% in the third quarter of 2017. West Fraser and others affected by the duties have vowed to raise prices on consumers in order to make up the difference. The stock also offers a modest dividend of $0.11 per share with a 0.5% dividend yield.

TransAlta Renewables Inc. (TSX:RNW)

TransAlta is a Calgary-based company that owns and operates hydro facilities and wind farms in Canada. The stock has dropped 2.3% in 2018. Although TransAlta boasts a footprint in the growing green-energy market, its dividend is the biggest selling point. TransAlta stock has also increased 31% since making its debut on the TSX in August 2013.

In the third quarter, TransAlta saw revenues increase to $95 million from $45 million in Q3 2016. The company reported a net loss, as it experienced lower wind resources in the quarter, but leadership remains optimistic as it grows its asset base. The stock offers a highly attractive dividend of $0.08 per share, representing a 7.2% dividend yield.

Cameco Corp. (TSX:CCO)(NYSE:CCJ)

Cameco is a Saskatoon-based mining and energy company, and the second-largest uranium producer in the world. Its stock has increased 3.8% in 2018. Minerals and mining activity jumped 1.8% in Canada in the third quarter of 2017, the sole sub-sector to post positive growth. Cameco stock took an 11% hit in 2017 after the loss of its $1.3 billion TEPCO contract.

In its third-quarter results, Cameco reported adjusted net losses of $50 million as the company took a hit in revenues due to the loss of the aforementioned contract. Still, the stock offers a quarterly dividend of $0.10 per share with a 3.3% dividend yield.

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3. TSX:EMA (Emera Incorporated)
4. TSX:RNW (TransAlta Renewables)
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