3 Dividend Stocks I'd Buy Right Now

Description

Dividend stocks that are dropping in value can mean higher yields, but the stocks could also be higher risk as well. After all, a drop in price happens for a reason, and it's normally not a good one.

If stocks are rising in price, however, that means that the yield is shrinking, but if the trend continues you could more than make up for a lower dividend with strong capital appreciation.

For that reason, I'm going to focus on dividend stocks that have picked up steam this year and that are up over 10% so far in 2018. These stocks could give you a great opportunity to earn income from dividends as well as capital appreciation.

Suncor Energy Inc. (TSX:SU)(NYSE:SU) is one of the top stocks on the TSX, and this year it is up around 20%. There are plenty of good reasons to invest in Suncor, as the company offers strong growth prospects while also providing stability to its shareholders. Over the past five years, Suncor has only posted a loss once, during 2015, as many in the industry struggled.

However, those that have survived the downturn have gotten stronger. In 2014, during the height of oil prices, Suncor brought in $4.59 billion in pre-tax income, which was 11.5% of its sales that year. In 2017, the company's income before taxes was $5.9 billion on sales of only $32 billion, or 18% of its top line. And with Suncor continuing to look for more efficiency, profits could continue to soar.

Suncor also provides a growing dividend, which currently pays shareholders 2.6%.

Ritchie Bros. Auctioneers (TSX:RBA)(NYSE:RBA) is much smaller in size than Suncor, but it too has plenty of opportunities for growth, as auction sites and online shopping continue to attract consumers, including commercial ones.

With a focus on industrial heavy equipment, Ritchie Bros will benefit from a strong economy, and so it should come as no surprise that its stock price has more than doubled over the past five years. Year to date, the share price is up 13%, and that's with some gains being given back in the past month.

While the company's 2% dividend may not generate much excitement for investors focused on payouts, it's a great way to pad your overall returns.

Brookfield Real Estate Services (TSX:BRE) provides services to both brokers and agents, as it offers investors a way to capitalize on real estate markets without having to invest in REITs or the underlying assets.

Service-based businesses usually generate stronger margins, and over the past five years Brookfield has averaged an operating income of over 53% of its sales. The company has steadily increased its top line over the years, and it could see more growth, as housing markets in Canada's biggest cities continue to do well.

Brookfield currently pays investors an attractive yield of around 7%, providing shareholders with great streams of income. Those payouts would be on top of the already strong 17% returns that the share price has generated thus far in 2018. With a modest price-to-earnings multiple of 17, Brookfield's stock is fairly priced for the opportunity that it provides investors.

CATEGORY

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TICKERS GLOBAL

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:BRE (Bridgemarq Real Estate Services Inc.)
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