Which of These 4 Dividend Stocks Should You Buy Today?

Description

Yields are pretty juicy at the moment. Basically, all of the best dividend sectors of the Canadian economy, like the utilities and telecoms, are offering 4-6% dividends. Considering the rates on many five-year GICs are still only yielding around 3%, these dividend growers are pretty appealing at the moment. Besides, while you may not lose any capital when invested in GICs, you aren't going to get any capital appreciation.

Canada essentially has four main dividend-paying telecoms that you can choose from. And while all of these companies offer excellent dividends, they are not all equal. Each of the major telecoms has a different operational and dividend profile that should be kept in mind before making an investment.

The biggest yielder: BCE (TSX:BCE)(NYSE:BCE)

Right now, BCE is yielding almost 6%. As one of the largest wireless providers in Canada, BCE has also been steadily growing that yield over the course of many years. Even as recently as this April, the company raised its dividend by over 5% to $3.02 a share per year. The company generates oodles of free cash flow that should support dividend growth for years to come.

The best grower: Telus (TSX:T)(NYSE:TU)

While not as large on an absolute basis, Telus yields a healthy 4.39% at the current share price. The company has committed to raising the dividend annually in the range of 7-10%. The dividend is supported by healthy post-paid subscription growth that increased by 87,000 net additions in Q2 2018. Its share price has been remarkably resilient in the face of interest rate increases.

The most conservative: Rogers (TSX:RCI.B)(NYSE:RCI)

Rogers has paid a rather conservative dividend of just under 3%. And while the company has not raised its dividend for several years, it is still committed to paying it. And although I am generally impressed by dividend growth, Rogers has not raised its dividend, so it can focus on putting these funds towards growth.

The monthly payout: Shaw (TSX:SJR.B)(NYSE:SJR)

After purchasing Wind Mobile a couple of years ago, Shaw has been focused on developing its wireless capabilities. Wind has become Freedom Mobile and is beginning to make inroads into the wireless space. Shaw pays a healthy dividend of almost 5% at the current share price on a monthly basis. If you like steady, monthly income, Shaw might be the right choice for you.

The bottom line

Rogers's share price has hung in much better than those of the higher dividend payers. This could be attributed to the fact that the company has made it clear that growth is its focus, making this telecom less of a straight yield play and bond proxy than the other companies. This fact may make Rogers the best way to preserve capital in a rising-rate environment, but it is not my favourite in the telecom space.

Each of these telecom companies gives investors growth with a pretty decent yield. And while their stock prices may be more heavily punished by rising rates, I am partial to BCE and Telus due to their dividend growth and strong wireless networks. Over the long run, dividend growth can be an excellent source of income for yield-hungry investors. As such, the interest rate pressure could be an excellent entry point for a long-term, income-focused investor.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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2. NYSE:RCI (Rogers Communications Inc.)
3. NYSE:SJR (Shaw Communications Inc.)
4. NYSE:TU (TELUS)
5. TSX:BCE (BCE Inc.)
6. TSX:RCI.B (Rogers Communications Inc.)
7. TSX:SJR.B (Shaw Communications)
8. TSX:T (TELUS)

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