3 High-Yield Canadian Dividend Stocks for Your TFSA Today

Description

The dip in the equity markets over the past few weeks is driving up the dividend yield that investors can get from a number of Canada's top companies.

Let's take a look at three Canadian dividend stocks that might be interesting picks for your TFSA portfolio right now.

TransCanada (TSX:TRP)(NYSE:TRP)

TransCanada's stock price is down from $61 a year ago to $50 per share. The entire energy infrastructure sector has come under pressure amid investor concerns that higher interest rates will trigger a sell-off in dividend stocks, as investors switch to fixed-income alternatives. In addition, negative sentiment towards major pipeline projects has the market wondering if TransCanada and its peers can continue to grow as they have in the past.

These are valid points and should be kept in mind when evaluating the stock, but the pullback appears overdone.

TransCanada has $28 billion in near-term growth projects on the go and recently announced it will go ahead with the $6 billion Coastal GasLink project in British Columbia. As the new assets go into service, cash flow should grow at a steady pace and support TransCanada's dividend-growth outlook for increases of at least 8% per year through 2021.

When the Q3 numbers come out, investors could see the company extend the guidance.

The current payout provides a yield of 5.5%.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

Investors often skip CIBC in favour of its larger Canadian peers. The company has a history of making big blunders and is considered a riskier pick in the bank space due to its heavy reliance on the Canadian retail market, specifically when it comes to mortgage loans.

Management acknowledges the need to diversify the revenue stream and made a US$5 billion acquisition in the United States last year that begins to address the issue. CIBC has indicated more deals south of the border could be on the way, so progress is being made.

A total meltdown in the Canadian housing market is unlikely, and CIBC is capable of riding out a rough patch. With the company's trailing 12-month price-to-earnings ratio now hovering around 10, the stock is starting to look pretty cheap. Investors who buy today can pick up a yield of 4.8%.

Cineplex (TSX:CGX)

Cineplex runs Canada's largest chain of movie theatres. The company also supplies fast-food restaurants and coffee shops with the electronic menu boards you see when you go to get your morning coffee or lunchtime burger. In addition, Cineplex is expanding into other areas of the entertainment industry, including eSports and family-oriented amusement centres.

The business still relies on the movie industry to create compelling product to draw people into theatres. Based on the Q2 2018 results, moviegoers continue to spend big bucks on concessions, and Cineplex is doing a good job of driving efficiency into its operations.

The stock has rallied over the past three months, but it still trades well off its 2017 highs. The current dividend provides a yield of 4.9%.

As the entertainment industry evolves, it wouldn't be a surprise to see Cineplex get bought by one of the U.S. streaming giants as they extend their reach.

The bottom line

TransCanada, CIBC, and Cineplex all pay attractive dividends and offer a nice shot at some solid gains in the share price. If you have a bit of cash sitting on the sidelines, these three stocks might be attractive TFSA picks while they remain out of favour.

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aswalker