3 High-Yield Stocks to Consider for 2019

Description

Dividend stocks are starting to recover after a dismal 2018, and the rally could continue into next year.

Let's take a look at three companies that deserve to be on your income stock radar right now and might be interesting picks for your dividend portfolio in 2019.

Inter Pipeline Ltd. (TSX:IPL)

IPL is a midstream player in the Canadian energy patch with conventional oil pipelines, oil sands pipelines, and natural gas liquids (NGL) extraction assets. The company also owns a growing storage business in Europe.

A $3.5 billion polypropylene development is currently underway and is scheduled for completion in late 2021. Once the facility goes into service, IPL expects to see additional annual EBITDA of $450-500 million.

The company reported record Q3 2018 results, with funds from operations rising 11% year over year to $300 million.

The quarterly payout ratio was 55%, so there is ample room for dividend hikes, even as the company works through its large development project. The current monthly payout of $0.14 per share provides a yield of 7.5%.

The stock recently bounced from $21 to $23 per share. A year ago the shares traded for more than $26, so more upside could be on the way.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis is one of those stocks you can simply buy and set aside for a couple of decades.

The company operates utility assets in Canada, the United States, and the Caribbean. Most of the revenue comes from regulated businesses, so the cash flow is reasonably predictable.

Fortis grows through strategic acquisitions and organic developments. The company's current five-year capital program is up to $17.3 billion and is expected to significantly boost the rate base. As a result, management is forecasting annual dividend growth of at least 6% through 2023.

The stock is up from $41 to $46.50 in the past month, but is still below the 52-week high near $49. The current dividend provides a yield of 3.9%.

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

CIBC has a track record of making some big blunders, and that's part of the reason investors are not willing to give it the same multiple as its peers. However, management has worked hard to make the company a safer bet, and the market might not be giving the stock the credit it deserves.

CIBC is very profitable, and the addition of a large U.S. business through a major acquisition last year should provide balance to the revenue stream and positions the company for additional growth south of the border.

The stock is up from $112 to $114 per share in the past couple of weeks, but could extend the run back to the September high above $124. The dividend should be safe and currently provides a yield of 4.8%.

The bottom line

IPL, Fortis, and CIBC appear attractively priced and have solid growth potential in the coming years. If you have some cash sitting on the sidelines, it might be worthwhile to start a small position in these three stocks.

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aswalker