Gobble Up Income in 2019 With These 3 Stocks

Description

The **S&P/TSX Composite Index** shed 211 points on December 4 after a weekend agreement between the United States and China appeared to go up in smoke. The three major U.S. indexes each suffered over 3% declines for the day.

On Monday it seemed as if the world's top economic powers were ready to pause their trade spat, but divergences in trade talks have demonstrated that both sides are only digging their heels in deeper.

The global economy is already tackling anxiety over rate tightening and the prospect of slower growth into the next decade. An acceleration of the U.S.-China trade war carries massive risk. Instead of capitulating after a rough October and November, investors should consider adding income-yielding stocks on the cheap in early December.

Today we are going to look at three options that boast yields up to 6%.

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

CIBC stock fell 1.1% on December 4. Shares have plunged 10.4% over a three-month span as the global stock market sell-off has taken its toll on the Canadian financial sector. In the fourth quarter, CIBC saw its earnings per share rise to $3.00, narrowly missing analyst expectations. This resulted in a post-earnings dip.

As of this writing, CIBC stock posted an RSI of 31. This means that the stock is veering into oversold territory, which should interest investors on the hunt for income. CIBC stock boasts a quarterly dividend of $1.36 per share. After yesterday's close, this represents a 4.9% yield, which is tops among its peers.

CIBC still posted solid year-over-year gains in 2018 and is in a good position to build on its results on the back of a strengthening Canadian housing market and its booming wealth management segment.

BCE (TSX:BCE)(NYSE:BCE)

BCE stock has climbed 8% over the past month. In late November I'd discussed why BCE should be a top option for income investors next year. It may not be the best value play after its impressive November performance, but there are several tailwinds to consider at BCE heading into 2019.

Wireless growth has continued to propel telecom earnings over the past several years. Cable cutting is expected to rise in the coming years, but the growth of wireless users should offset this problem for Canada's top telecoms. As I explained in the article linked above, the newly-ratified USMCA also carries benefits for BCE.

The rate tightening environment has hurt the stock prices of utilities and telecom stocks as bond yields have climbed. However, central banks have struck an increasingly dovish tone in late 2018, suggesting that a pause on rate hikes could be in the cards next year. This will bring stable income-yielding equities like telecoms back into favour.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge stock has dropped 3% over a three-month span as of close on December 4. Oil and gas prices have been throttled in the fall. As a result, the Canadian oil patch has entered a period of crisis.

Politicians and business leaders have bandied about remedies to the crisis, and spending on energy infrastructure is becoming a common theme. Enbridge was fortunate to score a regulatory win in Minnesota this year, and continued pressure from this ongoing crisis could see more opportunities open in Canada.

Enbridge stock last reported an RSI of 53, which would indicate that it is not discounted at this stage. Earnings saw a solid boost in the third quarter, and the company has reiterated its commitment to posting dividend growth into 2021. The stock currently offers a quarterly dividend of $0.671 per share, which represents an attractive 6.2% yield.

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