3 Top Dividend Stocks With Yields Over 6%

Description

The Bank of Canada meets every six weeks to decide on interest rates. During its last meeting, it decided to maintain the benchmark interest rate at 1.75%. Importantly, it signaled that rates could remain lower for some time due to sluggish economic growth. "Growth during the first half of 2019 is now expected to be slower than was anticipated in January," it said.

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In January, the Bank of Canada expected Canada's economy to grow by 1.7% By April, it lowered its forecast to just 1.2%.

For yield-starved investors, it won't get any easier to build a portfolio that can deliver passive income. If you do your homework, however, you can still find reliable stocks that deliver annual dividend income of 6% or more.

Here are three promising options.

Enbridge (TSX:ENB)(NYSE:ENB)

It's tough to be a Canadian oil company these days, especially if you're located in Alberta.

The issue isn't the ability to produce oil, but the fact that it's so easy to do so. Local markets have been dealing with oversupply issues for months, causing prices to plummet as competitors bid against each other for pipeline access.

If you own a pipeline, this problem is like winning the lottery. As a pipeline operator, Enbridge is ready to capitalize.

This year, its Line 3 replacement could provide 300,000 barrels per day of new pipeline capacity. By 2021, it aims to bring the Keystone XL pipeline to full capacity.

Because its profits are tied to supply, not prevailing oil prices, Enbridge should have no problem maintaining its 6.1% dividend.

Laurentian Bank of Canada (TSX:LB)

Fool contributor Victoria Hetherington is a big fan of Laurentian Bank and its 6.1% dividend yield.

“Laurentian Bank can boast a string of pleasingly low market ratios and pays a large and stable dividend yield of 6.21%,” she wrote recently. “This combination of defensive positioning within the Canadian financials landscape, high dividend, and projected growth make for a stabilizing and potentially lucrative long-term investment.”

Be careful though: if a credit cycle hits, Laurentian Bank could be in trouble. At least that’s what one famous investor believes.

Steven Eisman, one of the most successful short-sellers of the last 20 years, thinks banks like Laurentian aren’t prepared for economic turmoil.

“What I’m simply calling for is a normalization of credit losses, which Canada hasn’t seen in over 20 years,” he said earlier this year. “And I think the banks, in terms of their reserves and their balance sheets, are woefully unprepared for that.”

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Rogers Sugar (TSX:RSI)

No, this isn’t the telecom company **Rogers Communications**. Rogers Sugar makes — you guessed it — sugar.

In the past, Rogers Sugar simply produced commoditized sugar. While this provided reasonable levels of income, it was hardly a game-changing strategy.

That all changed in 2017 when the company bought multiple maple sugar companies — a complementary, differentiated business with higher profit margins.

Last year, the company produced roughly $48 million in free cash flow. Its dividend, which currently stands at 6%, costs less than $40 million per year to maintain.

This isn’t the most exciting stock, but it has a resilient business model with a proven ability to deliver consistent long-term income.

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