



## Income Alert: 2 High-Yield Stocks With Rising Dividends

### Description

Pensioners and other income seekers are constantly searching for reliable [dividend](#) stocks that pay growing distributions.

Once in a while, the market gives investors a chance to buy attractive companies at favourable prices producing above-average yields. Let's take a look at two stocks that might be interesting picks today for your income-focused portfolio.

### CIBC

**Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) raised its quarterly dividend earlier this year by \$0.04 to \$1.40 per share. The decision by the board to hike the payout, despite some weaker-than-expected results, shows confidence in the revenue and earnings outlook.

CIBC relies heavily on the Canadian residential mortgage market, and last year's rising interest rates, in addition to government measures put in place to stabilize the housing sector, hit CIBC's mortgage business through the end of 2018 and in the first few months of 2019. Since then, mortgage rates have dropped, and this should drive loan growth, while removing risk for existing homeowners who have to renew their mortgages.

CIBC continues to diversify its revenue stream through acquisitions in the United States. The company spent US\$5 billion in 2017 to buy PrivateBancorp and recently announced a deal to buy a boutique investment bank, Cleary Gull. Additional deals could be on the way in the private banking and wealth management sector. As the U.S. operations grow and contribute more to total profit, CIBC's risk profile should improve.

The bank currently sits at \$103 per share compared to \$124 last September. At today's price, the shares trade at 9.1 times trailing earnings, which is pretty cheap given the strength of the Canadian economy and the reduced risk in the housing market.

Investors who buy the stock right now can pick up a [yield](#) of 5.4%.

## IPL

**Inter Pipeline** (TSX:IPL) has raise its dividend for 10 straight years.

The company is niche player in the midstream segment of the Canadian energy market with oil sands pipelines, conventional oil pipelines, and natural gas processing operations. IPL also has a bulk liquids storage business in Europe.

The company grows through organic projects and acquisitions. IPL just completed a \$110 million project six months ahead of schedule and under budget. Its \$3.5 billion Heartland Petrochemical Complex is on schedule and should be in operation by late 2021.

The stock has picked up a tailwind in recent weeks, rising from \$20 to \$22 per share. This is still well below the five-year high near \$39, so more upside could be on the way as the energy sector recovers. IPL pays its distribution monthly. The current dividend provides an annualized yield of 7.6%.

## The bottom line

CIBC and IPL pay attractive dividends that should continue to grow. At this point both stocks appear cheap and offer a shot at some nice upside when sentiment improves.

### CATEGORY

1. Energy Stocks
2. Investing
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### TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)

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