



## 2 Top High-Yielding Stocks to Buy in February

### Description

If you're on the hunt for stocks that pay [higher dividend yields](#), one segment of the market you shouldn't ignore is utilities.

Utility stocks are considered a defensive play, as they gain traction when investors fear recession or a severe market downturn. One major attraction of owning utility stocks is that people still need to pay their gas and electric bills each month, even when they cut spending elsewhere.

Companies that provide these services also pay dividends, allowing their investors to earn a bond-like income even if the companies' stock prices don't appreciate much. Amid an environment when interest rates are low and the yield on the 10-year Canadian bonds is even less than 2%, top utility stocks look even more appealing.

These factors, coupled with the fast spreading of coronavirus, are contributing to investors' rush to buy safety this month, pushing the value of these stocks higher. The sector has risen about 6% in the **S&P 500** so far in January, on pace for its best month since June 2016.

### Top utility stocks in Canada

In Canada, you have many top utility stocks to seek refuge in these uncertain times. In this sector, I particularly like pipeline operators with a diversified revenue streams and global presence.

Calgary-based **Inter Pipeline Ltd.** (TSX:IPL) is one of them. It runs a diversified business in the energy infrastructure space. It operates a large pipeline network and 16 strategically located petroleum and petrochemical storage terminals in Europe. Its NGL business is one of the largest in Canada.

With its diversified operations, [IPL is also expanding fast](#). In Canada, IPL is in the middle of building a \$3.5 billion petrochemical complex near Edmonton to convert propane into polypropylene plastic.

With this strong portfolio, IPL pays \$0.1425 a share monthly dividend, which translates into 7.7% yield on the current stock price of \$22.08. The company has shown volatility in its earnings, while its balance sheet is loaded with debt.

Despite these shortcomings, I think the company has the right mix of assets, a robust growth plan, and a diversified revenue stream.

North America's largest pipeline operator **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) is another high-yielding utility stocks that I recommend to accumulate to earn growing payouts.

The company is in a good position to take advantage of North America's strong energy economy. It operates across North America, fuelling the economy and fulfilling consumers' energy needs.

Enbridge moves nearly two-thirds of Canada's crude oil exports to the U.S., transports about 20% of the natural gas consumed in the U.S., and operates North America's third-largest natural gas utility by consumer count.

The company pays a \$0.73-a-share quarterly dividend with an annual dividend yield of close to 6%. The payout has been expected to rise 10% per year.

## Bottom line

Buying top utility stocks is one way to earn higher dividend yield and to add some safety to your portfolio. Pipeline operators, power and gas utilities and telecom operators generally make a good combination for long-term investors.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

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