3 Dirt-Cheap TSX Dividend Stocks to Buy Right Now!

Description

We know that stock prices and dividend yields move in opposition to each other. The recent market weakness has led to a sell-off in Canadian equities, providing investors with an opportunity to buy stocks at an attractive valuation and high dividend yields.

Here we look at three Canadian stocks that are trading at cheap valuations and that have a solid dividend yield.

Suncor Energy

If Warren Buffett owns a stock, investors need to consider adding them to their portfolio. The Oracle of Omaha owns Canada's **Suncor Energy** (TSX:SU)(NYSE:SU) and this company has grossly underperformed the broader markets in recent years.

The stock is down 36% in the last five years and has slumped 19.4% in the last year. It's trading 24% below its 52-week high. However, Suncor's sustained weakness has meant that the company has a forward dividend yield of 5.05%.

Investors can expect short-term weakness in Canada's energy sector to impact Suncor shares. However, long-term investors can benefit from Suncor's low cost oil sands assets, integrated operations and expanding bottom line.

While analysts expect Suncor's revenue to rise 1.4% to $39.52 billion in 2020 and 0.1% to $39.56 billion in 2021, earnings are expected to rise by 5.4% this year and 2% in the next year.

Suncor stock is trading at a forward price-to-earnings multiple of 12, which is reasonable given the high dividend yield and earnings growth.

Royal Bank of Canada

Amid a volatile market, investors need to bet on quality stocks such as the **Royal Bank of Canada**. It is the largest company on the **TSX** in terms of market cap. The company recently announced its fiscal first quarter of 2020 earnings last month, reporting earnings of growth of 12%.

The banking giant is now expanding into the U.S. retail banking space by focusing on its convenient digital banking platforms, giving it enough opportunity to drive top-line growth.

RBC increased its quarterly dividends to $1.08 per share, indicating a forward yield of 4.3%. Company shares have declined over 9% in the last two weeks, and the stock has a forward price-to-earnings ratio of 10.7. Comparatively, analysts expect earnings growth at 5.6% in 2020 and 4.4% in 2021, making it a top value buy.

Enbridge Inc.

Few dividend lists would be complete without the mention of Canada's energy giant **Enbridge** (TSX:ENB)(NYSE:ENB). The company has a market cap of $102 billion and an enterprise value of $175 billion.

Similar to most Canadian stocks, Enbridge has also lost momentum in the last two weeks. Shares are down almost 12% from record highs and have now returned 9.1% in the last 12 months.

This pullback has meant Enbridge stock has a forward dividend yield of 6.4%, higher than the company's five-year average dividend yield of 4.7%. Thus, a $10,000 investment in Enbridge will result in annual dividend payments of $640.

Enbridge has increased dividend payments by 9.8% to $0.81 per share in Q4 of 2019 and has grown dividends by an annual rate of 12.1% in the last two decades.

While analysts expect sales to fall 1.1% to $49.53 billion in 2020, it could rise by 2.7% to $50.86 billion in 2021. Comparatively, the company is expected to grow earnings at an annual rate of 8.2% over the next five years.

Enbridge is investing heavily in its Line 3 replacement program to improve its pipeline infrastructure. This $2.9 billion project is the largest in Enbridge's history.

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