ALERT: These Blue-Chip Dividend Stocks Now Have the Highest Yields They've Had in Recent Memory!

Description

Global markets fell into a correction over the continued spread of the deadly COVID-19. While it's worrisome, individual investors know that nobody ever made money by panicking. If you want to rise out of this correction ahead of the pack, you've got to be like Warren Buffett and adopt a contrarian mindset.

While there's no telling how much worse this market pullback will get, one thing is for sure: the stocks of many blue-chip dividend stocks have become dirt cheap over the past week, and their yields have grown to levels that are close to the highest they've been in recent memory. Buying on a sharp dip is never an easy task, but given the magnitude of high-quality yields to be had with some of today's dividend stocks, I'd say the near-term downside risk is well worth the rewards.

You can "lock in" a higher dividend yield in the next sustained upward move, and even if stocks remain depressed for longer, their dividend yields are likely to continue swelling, either through generous dividend hikes or further depreciation in shares, making them more attractive through the eyes of contrarian income investors with time.

In an era of rock-bottom interest rates, where high-quality yield is getting scarce, the recent correction is a gift to all income investors courtesy of Mr. Market. So, if you're able to tune out from the fear-driving, short-term-focused headlines in the mainstream financial media and focus on individual businesses and their unique risk/reward trade-offs, then you have what it takes to get more yield for less.

Consider shares of **Suncor Energy** (TSX:SU)(NYSE:SU) and **Shaw Communications**, two financially healthy dividend growers that have fallen hard in recent weeks, causing their dividend yields to swell far above their mean levels.

At the time of writing, Suncor and Shaw sport yields of 5.3% and 5%, respectively. Stocks of both companies are at multi-year lows, and while they both have their set of unique challenges, they both have the capability to continue raising their dividends, despite mounting pressures.

Suncor feeling the pressure of the global oil demand shock

Oil fell off yet another cliff due to tempered global demand caused by COVID-19. While Suncor is less vulnerable to short-term fluctuation in oil prices compared to most of its junior peers in the oil patch, investors couldn't help but ditch the stock to the curb amid last week's panic-driven rush to the exits.

All stocks are taking a hit to the chin, and those with exposure to the most vulnerable parts of the market are taking on a brunt of the damage, regardless of their company-specific durable competitive advantages.

As a result, Suncor now sports a massive 5.3% yield; that's the result of a recent dividend hike and the nosediving of its shares. Warren Buffett is scooping up shares of Suncor because he likes the risk/reward trade-off, not because he sees oil prices rocketing back to US$100.

With Suncor, Buffett's been wrong thus far, but he'll still collect the rich dividend as he waits for things to normalize. And as the stock continues treading water, Buffettarians (Buffett followers) now have a chance to get a better cost basis than the Oracle of Omaha himself.

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