Canadians: 2 High-Yield TSX Dividend Stocks to Buy Today!

Description

The **S&P/TSX Composite Index** has corrected more than 30% since last month. Even though markets have surged a little recently, it should not be taken as a precursor of a sustained recovery. The virus pandemic could continue to weigh on the markets in the short term. Thus, it would be prudent for investors to stay defensive and take shelter in TSX dividend stocks.

Many dividend stocks have turned notably cheap amid the recent market crash. One could secure steady incomes for the future with these top TSX names. Utilities and telecom are some of the recession-proof industries. Let's take a look at top investment ideas from each of these sectors.

TSX dividend stock: Shaw Communications

Shaw Communications (TSX:SJR.B)(NYSE:SJR) stock has corrected more than 25% since last month. The stock is currently trading at its eight-year low and looks attractive from the valuation perspective.

The diversified communication company Shaw offers a dividend yield of 6.6% at the moment. This looks substantially lucrative compared to that of broader markets. In 2020, it is expected to pay a dividend of $1.19 per share. Thus, an investment of $10,000 in Shaw today will pay dividends of $626 per year.

But why is it the right time to invest in Shaw Communications right now? The stock looks substantially cheap. Additionally, its diversified earnings base from segments such as wireless, traditional home phone, and broadband bode well for stability.

Its wireless segment, named Freedom Mobile, offers huge growth potential in the low-cost space. It has shown some significant customer additions in the last few quarters. The management has forecast $700 million in free cash flows for 2020, which is an increase of more than 30% than in 2019.

With stable revenues and earnings, Shaw will likely continue to pay steady dividends to its shareholders. Moreover, the higher earnings growth fueled by the wireless segment could drive its stock upwards. Thus, Shaw is an attractive pick for now from the total return perspective, particularly at a discounted valuation.

Hydro One

Slow-moving utility stocks have shown a solid surge recently, indicating that investors are rushing towards safety amid this market volatility. **Hydro One** (TSX:H) was one such stock that fared relatively better this week but has been notably weak since last month.

A $14.5 billion Hydro One is an electricity transmission and distribution company. The stock offers an above-average dividend yield of 4.5% at the moment. It has a relatively shorter payment history, but it could continue to pay consistent dividends for a longer period in the future.

That's mainly because of its earnings stability and pure-play regulated business model. Hydro One operates through a combination of transmission and distribution infrastructure and has no exposure to power generation. This avoids a significant capital outlay and prevents from volatile commodity prices.

Hydro One expects an EPS growth of 4-7% per year through 2022, with an annual dividend increase of 5%. Utilities generally grow this slow, and what matters most for investors is the forecasted dividend growth.

Hydro One's expected dividend growth comes in line with the industry average. Thus, its earnings stability and a lucrative valuation, make it a strong dividend stock in the current market scenario.

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2. TSX:H (Hydro One Limited)
3. TSX:SJR.B (Shaw Communications)

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