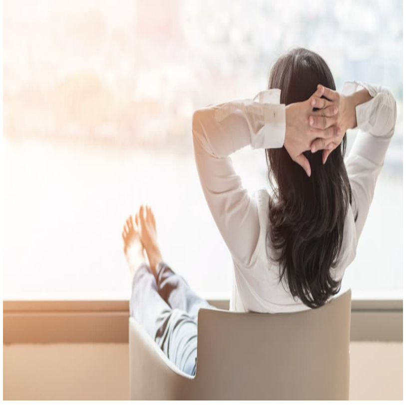

Income Seekers: 2 High-Yield Dividend Stocks to Buy Today!

Description

Broader financial markets across the globe have been strong this week after monetary policy easing and stimulus announcements by various governments. The **S&P/TSX Composite Index** rallied approximately 20% this week from its recent lows. However, investors should not take this as a harbinger of long-term recovery, as uncertainties are far from over.

Markets will remain highly volatile in the short term as we continue to deal with pandemic and lockdowns. Thus, it would be prudent to stay invested in dividend stocks, which will have a relatively low impact of the pandemic and attain a faster recovery once these blues are over.

Solid yield and attractive valuation

Domtar (TSX:UFS)(NYSE:UFS) checks in all the boxes mentioned above. It offers a yield of 8% and will have a relatively low impact of the virus outbreak.

Investors can count on its dividends, as it has increased dividends consistently in the last 10 years. The stock has recently come down about 30% amid the overall weakness and is trading around its decade-low levels.

It's a $2 billion US-based company that designs and manufactures a variety of pulp and paper and personal care products. The company reported earnings growth of 80% in 2018; however, that growth plunged 37% in 2019.

While the profit declined mainly due to seasonally lower demand, the management is confident of a comeback this year. Improving market conditions for pulp and improving sales of its personal care products will likely make things better for Domtar in 2020.

Additionally, Domtar has a solid balance sheet with a strong cash position and reasonable leverage. As market conditions improve, it can see firm progress on its bottom line and stock could eventually recover as well. Its solid yield and attractive valuation, particularly after the recent weakness are appealing.

Stay invested in dividend stocks

Shares of **Methanex** (TSX:MX)(NASDAQ:MEOH), world's biggest methanol producer, have been in free-fall since last month. The weakness was evident because of its large exposure to China and the US. It also has operations in Europe, South Korea, South America, and Canada. However, its discounted valuation and a solid dividend yield indeed deserve a position in your watch list.

It offers a tasty yield of 9% at the moment. It has a long dividend payment history and has increased payouts by 9% compounded annually in the last five years. However, the stock has notably underperformed and has lost 75% in the last 12 months.

For 2020, the company is expected to pay dividends of $1.5 per share. The stock was trading close to $18 at the time of writing.

Methanex announced production cuts in some of its facilities last week amid the virus outbreak. However, the company clarified that these cuts are not expected to have a major impact on its cash flows.

While Methanex stock could remain volatile in the short term, it looks attractive based on its yield and valuation at the moment. As the demand in its core markets picks up again in the next few quarters, the stock could once again see gaining upward momentum.

Both the above stocks Methanex and Domtar offer solid yields at the moment. While dividend stocks are generally perceived as safe, these two could be relatively risky in the short to medium term and could be apt for contrarian investors.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:MEOH (Methanex Corporation)
2. TSX:MX (Methanex Corporation)
3. TSX:UFS (Domtar Corporation)

PARTNER-FEEDS

1. Business Insider
2. Msn
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