3 Stocks to Buy With Dividend Yields of More Than 7%

Description

It's becoming quite hard for stock investors to find a reliable investment avenue when interest rates are extremely low and stock markets have become more risky.

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Today, I have put together a list of three top dividend stocks to buy that not only offer higher dividend yields but could also gain in value as the economy recovers. Let's find out about these stocks and their growth potential.

Enbridge

North America's largest pipeline operator, **Enbridge** (TSX:ENB)(NYSE:ENB) is the highest-yielding stock on my list of three dividend stocks to buy. The company pays $0.577 a share quarterly dividend with an annual dividend yield of 7.27%.

Enbridge's cash flows are well diversified across many businesses and geographies. This strength will help the utility to weather the economic downturn better than other companies.

For instance, when the pandemic is hurting oil consumption across the board, Enbridge's gas transmission, distribution, and storage businesses, which account for about 30% of cash flows, are not expected to experience a downturn from the pandemic.

This stability in Enbridge's revenue and its solid position in North America's energy supply chain make its stock a good buy when its price is down about 14% this year.

Over the past three years, Enbridge has been carrying out a restructuring plan, selling assets, focusing on its core strengths, and paying down its debt. These measures are likely to benefit long-term investors whose aim is to earn steadily growing income.

Enbridge stock was trading around $44 a share at the time of writing.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is another stock to buy that offers a higher dividend yield in this low-rate environment. At $57.35 a share, BNS stock yields 6.28%.

The third-largest lender by the market size is fast recovering its lost ground after the pandemic-induced sell-off. During the past five trading sessions, it has gained more than 10% on signs that the lender is well positioned to weather the current downturn.

Despite a surge in provisions, loans aren't showing signs of deteriorating in the current economic slide.

Scotiabank said this week its net impaired loans accounted for 0.53% of overall customer loans, down from 0.61% a year earlier, and net write-offs as a percentage of average loans totaled 0.47%, which is less than 0.5% a year ago.

Over the long run, Scotiabank has proven to be a good stock to buy with its growing payouts.
The lender has returned cash to investors every year since 1832, while it has hiked its payouts in 43 of the last 45 years. Scotiabank pays a $0.90-per-share quarterly dividend.

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Telus

Telus (TSX:T)(NYSE:TU) is a smaller player in Canada's telecom market dominated by four utilities, but its growth momentum has been excellent in recent years.

One big reason that makes this stock to buy is that the company has already made major investments to improve its network. Investors believe the operator is in a much better position to return cash to shareholders in the form of dividends.

The Vancouver-based company pays $0.5825 per share in quarterly dividends. That translates into a 4.99% dividend yield. Telus is targeting 7-10% growth in its dividend each year until 2022. And given the company's ability to generate more cash from its growing customer base throughout Canada, this target does not seem ambitious.

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3. NYSE:TU (TELUS)
4. TSX:BNS (Bank Of Nova Scotia)
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