



2 Dirt-Cheap TSX Income Stocks That Pay Big Dividends

Description

On-sale TSX income stocks are quite [abundant](#) given the **TSX Index** has still yet to fully recover from the [coronavirus crash](#). The Canadian index has recovered around a third of the ground lost from the vicious February-March sell-off, while the tech-focused NASDAQ has already soared above and beyond those pre-pandemic highs.

Tune into any financial TV show, and you're bound to hear some pundit comment on the overvaluation of stocks alongside an ominous prediction of another market crash or correction. While I wouldn't rule out a 10-15% correction from these heights, I think it's unlikely that world markets will retest those March lows given the unprecedented backing by central banks. As such, investors seeking to put money to work should do so today, rather than waiting for the occurrence of a pullback that may follow a rally that could dwarf it.

For those looking to get the most bang for their buck, the TSX holds some pretty compelling bargains that could better hold their own should we be due for a market-wide correction. Such a correction, I suspect, will hit the U.S. indices that much harder, as tech gains are surrendered in what could be a broader rotation towards value.

To minimize your downside risk without compromising on your upside, consider scooping up shares of the following battered TSX income stocks that could pay big dividends while you wait for each firm's slate of headwinds to fade.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is an agricultural commodity kingpin with a wider moat than most people give it credit for. Sure, it's in the business of producing commodities that have been heavily out of favour in recent years.

But with one of the better costs of production on potash, the company has the potential to become ridiculously profitable once the demand for such agricultural commodities has a chance to recover. And unlike fossil fuel producers, agricultural commodities are slated to ride on indefinite long-term tailwinds,

as the world population continues surging alongside the demand for higher crop yields.

That's not to say that Nutrien isn't a fool-proof investment, though. The company is stuck in a rut, and it's continuing to see its shares fall by default, as investors look to throw in the towel on the 5.73%-yielding dividend payer that begs for investor patience.

If you've got a decade to invest, it may be wise to scoop up shares of NTR while they trade at 0.84 times book, as you wait for the tides to turn in its favour. The industry headwinds seem insurmountable, but Nutrien will live to see better days, as its solid retail business and stellar liquidity position (1.07 current ratio) will keep the company on solid financial footing.

Suncor Energy

Speaking of solid financial footing, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) now has more than enough financial flexibility to make it through this crisis following capacity cuts and a whopping 55% dividend cut.

Nobody likes dividend cuts, but I think Suncor was smart to rip that band-aid off sooner rather than later. There may be a "new low" for the oil patch, and if that's the case, not only will Suncor have enough to survive, but it may just be able to take advantage of deeply discounted acquisition opportunities in the future.

Many firms in the oil patch are growing more distressed. As the tides go out on the oil patch, it's clear that Suncor has a far better use for the cash that would have been used to pay dividends. There's no telling where WTI prices will be headed next, but even if it stays lower for longer, Suncor investors will be able to their fear of insolvency after the firm's latest cash preservation efforts.

Suncor stock now sports a sustainable 3.83% dividend yield. With the stock trading at 0.94 times book, I'm tempted to initiate a position for my long-term portfolio.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
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2. NYSE:SU (Suncor Energy Inc.)
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