



Which Top 10 High-Yield Dividend Stocks Should You Buy?

Description

A combination of crushing market forces and economic uncertainties has left many businesses reeling. From an income investor's point of view, this means richer yields from some blue-chip names. But should Canadians trust the high yields of the following stocks? Read on and discover which of these 10 rich-yielding TSX stocks are the safest investments at the moment.

Pick those income stocks with care

The 10 top highest-yielding dividend stocks are not necessarily the country's 10 best dividend stocks. This is because high yields are often red flags. Sometimes a stock can be so badly oversold that its yield becomes exaggeratedly high. Sometimes a high yield denotes a management style that dangerously overemphasizes shareholder sweeteners. Sometimes an industrial outlook doesn't support distributions.

Look at the European banks, for instance. Dividends are a no-no during the pandemic, as moneylenders tread water. In Canada, the spectre of dividend cuts overshadows a market long divorced from the realities of the economy. In fact, looking at these 10 high-yielding dividend stocks, the majority of them look more like red flags than [sleep-easy income generators](#) for the long term.

In descending order, the richest-yielding blue-chip TSX stocks are as follows: **Brookfield Property Partners** (12.2%), **RIOCAN REIT** (9.6%), **Keyera** (9.6%), **Corus Entertainment** (9.5%), **Russel Metals** (8.6%), **Enbridge** (8%), **Pembina Pipeline** (7.8%), **Power Corporation of Canada** (7.5%), **Canadian Natural Resources** (7.4%), and **Great-West Lifeco** (7.4%). But which of these names should the long-term investor buy shares in?

Great yields for the wrong reasons?

Insurance took a sound beating this year. To understand why, consider this question: "Is the coronavirus a force majeure event?" It seems a straightforward enough question. However, the longer one tackles it, the deeper down the rabbit hole one goes. Shareholders in insurers find themselves

faced with a conundrum. The economic bill for 2020 hasn't come in yet. But insurers are in trouble if they cough up and in trouble if they don't.

Investing in oil companies isn't all that popular in 2020, either. Again, this is a clear reaction to the pandemic. Low demand equals low oil prices. In fact, for a while back in April, oil prices were negative. There is a slightly better case to be made for pipeline stocks, but only because they fall into the rather more [defensive asset category](#) of energy infrastructure.

This puts Enbridge, Pembina, and Keyera ahead of CNQ, but not by a massive margin. Next we come to Corus Entertainment. Any media stock right now is in trouble for one simple reason: advertising revenue is drying up. Time for another question: Why advertise to people who aren't spending their money? This question is rather more rhetorical than the previous one. The answer is, you wouldn't.

So, that's Corus out of the running. It's the same reason why **Telus** might be a safer telco pick than either **BCE** or **Rogers Communications**. A pure play on telecommunications, a Telus investment avoids the risk of a weakening media thesis. Moving swiftly on: real estate could be headed for a painful correction, leaving the better pipelines arguably the strongest plays on this list.

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