3 Dividend Stocks With Juicy Yields to Sink Your Teeth Into in August

Description

The stock market crash in March 2020 and a stellar recovery following it provided an exceptional opportunity to make a fortune. Those who invested at the bottom are most likely sitting on massive gains. However, if you have not participated in the recovery rally, be cautious and don't rush to buy stocks.

The uncertain economic outlook and growing infections indicate that the stock market could remain highly volatile in 2020 and could erode your investments hastily. Investors should focus on stocks that offer high yields to ride out the volatility and generate solid passive income.

Here are three dividend-paying stocks that you can consider buying in August for their high yields.

TransAlta Renewables

With a monthly dividend of $0.08 and a forward yield of 6%, **TransAlta Renewables** (TSX:RNW) is a top dividend-paying stock to squeeze higher yields. TransAlta's business is highly diversified and contracted, implying that its payouts are very safe.

The company's long-term contracts with an average life of about 11 years and cost competitiveness continue to support its EBITDA and distributable cash flows. Its EBITDA showed an improvement of 4% in the most recent quarter. Its cash available for distribution increased by about 18% year over year.

TransAlta Renewables has increased its annual dividends by about 4% since it went public in 2013. Alongside this, its forward yield of 6% is one of the highest among most of the utility stocks. Investors can continue to generate robust passive income from TransAlta stock irrespective of where the market moves.

Enbridge

If you love dividends, **Enbridge** (TSX:ENB)(NYSE:ENB) stock is a must-have in your portfolio. The weaker demand for oil amid the COVID-19 outbreak has weighed on Enbridge stock. However, its dividends are safe, thanks to its diversified and low-risk business model.

As a Dividend Aristocrat, Enbridge's dividends have grown at a compound annual growth rate of 11% over the past 25 years. Further, its dividend-growth rate has accelerated in the recent past. With its shares down over 15% year to date and a forward yield of 7.5%, Enbridge stock looks an attractive investment option for investors looking for value and income.

Its contractual arrangements are likely to cushion its EBITDA and margins and, in turn, its payouts. Moreover, its mainline volumes are expected to show improvement in the coming quarters, as economic activities increase and demand for oil recovers.

Whether business activities pick up pace or not and the demand for oil returns, investors can consider buying Enbridge stock solely for its dividends.

Bank of Montreal

With a forward yield of juicy 5.5%, **Bank of Montreal** (TSX:BMO)(NYSE:BMO) is among the top dividend-paying bank stocks to buy and hold for a longer term. Its diversified business mix, sustained growth in interest-bearing assets, and strong capital ratios imply that its payouts are safe.

Investors should note that low interest rates, higher provisions amid risk of default, and competitive headwinds have dragged its stock down.

BMO's business should continue to benefit from growth in the digital channel. Meanwhile, its loans and deposits should continue to rise steadily and accelerate with the recovery in the economy. Further, its stock is down about 23% year to date, providing a good entry point for long-term investors.

Bottom line

These three dividend-paying TSX stocks offer high yields that are very safe. Investing in these stocks could help you to earn robust dividend income along with capital appreciation in the long term.

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