



Income-Seeking Investors: 3 TSX Dividend Stocks to Buy in October

Description

September and October are some of the most volatile months for stocks. We recently saw **TSX** stocks taking a breather in September from the epic six-month rally. Notably, October won't be too different, given the uncertain economic recovery and the U.S. presidential elections in November. So, here are three top TSX dividend stocks to tackle the broad market volatility.

Canadian Natural Resources: A low-cost energy titan

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) is one of Canada's biggest energy companies. The stock currently yields 8%, more than double the TSX average. It has paid dividends every quarter since 2001. Importantly, its strong financial and operational position makes its dividends even more secure.

CNQ continued to increase its shareholder payouts this year, while peers trimmed or suspended dividends amid the pandemic. The low-cost oil producer has its breakeven point well below the current crude oil price, making it relatively resilient in the current situation.

Last month, Canadian Natural [announced](#) that it is buying a natural gas producer **Painted Pony Energy** for \$461 million. The timing of the acquisition was particularly noteworthy. Almost the entire sector is struggling amid the weak energy demand, while this Canadian giant is aggressively deploying its capital for inorganic growth. Interestingly, the move might reap significant benefits once the demand for natural gas normalizes post-pandemic.

Canadian Natural looks undervalued after the stock trended lower in September. This could be an opportune time for long-term investors to get into this dividend titan and play the crude oil recovery.

TC Energy for dividend stability

Top Canadian midstream energy company **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) is my second pick. Even if energy markets turn ugly, TC Energy's earnings are supported by long-term, fixed-fee

contracts. That's why energy infrastructure companies like TC Energy are relatively safe and useful amid broader market uncertainty.

TC Energy stock is expected to pay an annual dividend of \$3.24 per share in 2020, indicating a yield of 5.4%. It has increased dividends for the last 20 consecutive years. Importantly, it will likely continue to pay such steadily growing dividends for years, mainly driven by its predictable business model and stable cash flows.

TC Energy stock has marginally outperformed peer stock **Enbridge** in the last decade. Though Enbridge yields higher than TC Energy, the latter looks more attractively valued at the moment.

Stocks like TC Energy might not make you rich overnight, but they provide unmatched stability to your portfolio, which is more important in uncertain times.

Fortis: Top utility stock

Utility stocks have substantially [outperformed](#) broader markets this month amid the heightened volatility. **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) stock returned almost 5%, while TSX stocks at large plunged by 6% in September.

Fortis currently yields 4% and has some of the longest dividend-payment streaks. Its highly regulated operations facilitate stable earnings and, ultimately, stable dividends.

Fortis intends to grow its dividends by approximately 6% per year for the next few years. This will play a big role in driving shareholders' total returns over a longer period.

When markets turn turbulent, investors flee to relatively stable sectors in order to protect capital. Utilities are generally their desired choice in uncertain times.

CATEGORY

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:CNQ (Canadian Natural Resources Limited)
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