2 Top Dividend Stocks to Buy on a Market Correction

### Description

The stock market is finally giving back some gains. If the pullback turns into a full-blown market correction, income investors will have a chance to buy some top dividend stocks at attractive prices.

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## Pembina Pipeline

**Pembina Pipeline** (TSX:PPL)(NYSE:PBA) trades for $40 per share at the time of writing and provides a 6.25% dividend yield. The share price is down a bit from the recent high. Any additional drop should be viewed as a good entry point.

Pembina Pipeline has a great track record of delivering growth over the past 60 years and the company currently sports a full slate of acquisition targets and organic projects. Management has an agreement in place to buy **Inter Pipeline** for $8.3 billion. Pembina Pipeline is also partnering with various First Nations groups focusing on a new LNG project and a potential bid for the TransMountain pipeline that is owned by the government.

Pembina Pipeline intends to raise the dividend by nearly 5% when the Inter Pipeline deal closes. As new assets are purchased or projects go into service the dividend should continue to grow in the coming years.

The stock traded at $53 before the pandemic, so there is decent upside opportunity from the current share price.

## Enbridge

**Enbridge** (TSX:ENB)(NYSE:ENB) is a giant in the North American energy infrastructure industry with a market capitalization of $100 billion.

The company's size gives it the financial firepower to make large acquisitions. This could become more common in the next few years as consolidation heats up in the sector. Existing oil and gas pipelines are valuable assets in an environment where it's difficult to get new major projects approved and built.

Enbridge transports about 25% of the oil produced in Canada and the United States and moves roughly 20% of the natural gas consumed south of the border. The current capital program is weighted more toward the gas transmission and distribution side of the business. Investments in renewable energy assets are also expected to expand.

Enbridge raised the dividend in 2020 despite the challenging environment for the oil pipeline group. A rebound in fuel demand this year should push throughput back to the traditional levels. Enbridge stock trades near $49 per share at the time of writing and provides a 6.75% dividend yield.

The stock is up 20% in 2021. Any pullback should be viewed as an opportunity to buy. The energy sector recovery is in its early stages and this stock could easily take a run at $55 in the next six to 12 months. In the event the share price remains near the current level, investors get a great return through the generous dividend.

Distribution growth might not match historical levels in the next few years, but investors should see the payout increase in line with anticipated distributable cash flow growth of 5-7%.

## The bottom line on top dividend stocks

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Pembina Pipeline and Enbridge still look cheap, even after strong rallies this year. A dip in the shares prices should be great entry points for income investors to start new positions or add to existing ones already held in a Tax-Free Savings Account (TFSA) or RRSP. The companies pay generous distributions that should continue to grow for years.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:ENB (Enbridge Inc.)
4. TSX:PPL (Pembina Pipeline Corporation)

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aswalker

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