3 Canadian Dividend Stocks That Make it Rain Cash

Description

Are you looking for high-yield dividend stocks that make it practically rain cash?

If so, Canadian stocks are the place to be.

The TSX Composite hasn't delivered quite the returns that the U.S. indexes have, but it does have a decent amount of yield. Today, TSX composite ETFs yield about 2.5%. That's not bad, all things considered. And you can do much better by buying individual high-yield stocks. In this article, I will explore three Canadian dividend stocks that throw off veritable buckets of cash.

Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY) is a Canadian bank stock with a 3.4% yield at today's prices. That might not sound like a sky-high yield, but RY is a stock with some serious dividend-growth potential. Over the last 10 years, RY has raised its dividend by about 8.3% per year. That's enough for the payout to double in under 10 years. So, while RY doesn't have an overly high yield now, it could be paying out a lot of dividends in the future — assuming the historical trend in dividend growth continues.

Will it continue? It's hard to say. But there has at least been some encouraging news on that front. In the second quarter, RY's net income rose by $2.5 billion, thanks to a reduction in provisions for credit losses (PCL) and record earnings in capital markets. It was a solid showing. And it points to the possibility of more strong quarters in the future if we finally get past the COVID-19 pandemic.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is another "moderately high yield" stock whose yield could rise substantially. Before the COVID-19 pandemic, Suncor paid $0.42 per share in dividends. Once the pandemic began negatively impacting the company's earnings, it slashed that by half to $0.21. This is where we stand today. Suncor's dividend is at $0.21, and the stock only yields 3%.

However, the energy industry's fortunes are beginning to turn around. With COVID-19 starting to fade into the rearview mirror, oil prices are rising, and Suncor's fortunes are looking up. In its most recent quarter, SU posted $2.1 billion in funds from operations, $746 million in operating income, and $821 million in net income. In all 2020 quarters, Suncor lost money. Clearly, the company is starting to turn it around, and that could lead to the previous $0.42 dividend being reinstated.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is one of the highest-yielding stocks on the TSX. With a 6.9% yield, it truly makes it rain cash.

Why does this stock have such a phenomenally high yield?

It has to do with the stock price and the company's dividend history. Over the last five years, Enbridge has raised its dividend by about 9% annualized. Yet its stock price has actually gone down. The result has been a very high yield.

As for whether Enbridge can keep it up…

The company has an enviable position in North American pipelines, shipping about 25% of the oil and gas sent around North America. Pipeline infrastructure isn't easy to set up, and Enbridge doesn't have too many competitors. As a result, it is able to keep its pipelines full most of the time. So, its future prospects are quite good.

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