3 Cheap Dividend Stocks to Buy in October 2021

Description

The stock market looks overbought, but investors can still find cheap stocks to buy in the **TSX Index**.

Russel Metals

Russel Metals (TSX:RUS) reported a record $1.88 per share in Q2 2021 earnings, compared to $0.07 in the same period last year. Revenue in the quarter jumped to just over $1 billion versus $588 million. Adjusted EBITDA was $178 million compared to $32 million in Q2 2020.

The major turnaround is a good indication of the economic recovery that is unfolding in the steel sector. Russel Metals owns steel distribution businesses, metals service centres, and a division that supplies the energy industry in Canada and the United States.

Looking ahead, the company says it has a robust backlog of orders. Steel prices remain high and the energy segment continues to improve with rising oil and gas demand.

Russel Metals pays a quarterly dividend of $0.38 per share. That's good for a 4.7% yield at the current share price near $32.50. The stock traded as high as $37 earlier this year, so there should be decent upside potential for 2022.

Infrastructure projects and continued energy strength should support strong demand for the company's products in the next few years.

Algonquin Power

Algonquin Power (TSX:AQN)(NYSE:AQN) trades near $18.50 per share at the time of writing compared to the 2021 high of above $22.50. The company raised the dividend by 10% this year, extending a streak of rising annual payouts.

Algonquin Power grows through acquisitions and internal projects. The company is expanding its wind, solar, and hydroelectric renewable energy group and also has attractive utility assets that distribute water and electricity. Investors searching for an ESG stock that pays reliable and growing dividends might want to add Algonquin Power to their portfolios.

The current dividend provides a yield of 4.7%.

Consolidation in the Canadian and U.S. utility sectors is expected to continue in the coming years. Algonquin Power's renewables energy assets could put it in play as larger utilities or asset management firms seeking ESG targets look for reliable cash flow streams.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is a player in the midstream sector of the Canadian energy industry. The company serves as a one-stop shop for energy producers, offering pipeline, gas gathering, gas processing, and logistics services, among others.

The company can be aggressive when it comes to making strategic acquisitions and management has a good track record of integrating new assets into the portfolio. Pembina Pipeline is also good at forging partnerships to pursue new projects. Its current carbon sequestration initiative is a good example, as is its partnerships with First Nations groups to explore the development of a liquified natural gas facility and the potential purchase of the Trans Mountain pipeline.

Pembina Pipeline trades near its 12-month high but still offers a 6% dividend yield. As the energy sector continues to recover, this stock should drift higher.

The bottom line on cheap stocks

Russel Metals, Algonquin Power, and Pembina Pipeline all pay attractive dividends and trade at reasonable prices in an otherwise expensive market. If you have some cash to put to work, these stocks deserve to be on your radar.

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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5. TSX:RUS (Russel Metals)

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