



2 High-Yield Dividend Stocks to Buy in November 2021

Description

Income investors are searching for high-yield dividend stocks that trade at reasonable prices to buy for their [TFSA](#) portfolios.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) just put to bed any concerns about the company's recovery from the pandemic. Funds from operations came in at \$2.6 billion in the latest quarter, and the business generated operating income of \$1 billion.

Since the start of the year, Suncor has reduced net debt by more than \$3 billion and is on track to hit its 2025 net debt goal by the end of this year. This means the balance sheet has been repaired well ahead of guidance. That's good news for dividend investors.

Suncor announced it is doubling the quarterly distribution to \$0.42 per share, bringing the payout back up to the 2019 level. The board slashed the payout in 2020 to protect cash flow. Suncor's share price stock soared on the news but still looks [undervalued](#) near the current price of \$32 per share. Investors who buy the stock at this price can pick up a 5.25% dividend yield.

Suncor repurchased more than 4% of its outstanding common stocks from February through the end of September. The board raised the target to 7% by the end of January 2022, indicating the confidence the company has in its profit outlook.

Another dividend hike could be on the way in the first part of 2022 if oil prices maintain their gains. WTI oil trades for about US\$82 per barrel at the time of writing. Analysts see continued strength through 2022 with some calling for a surge to US\$100 per barrel on tight supplies and rising demand.

It wouldn't be a surprise to see Suncor's share price hit \$40 by the end of next year.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) trades near \$52 per share and offers a 6.4% dividend yield. The rebound in oil demand is good news for Enbridge's oil pipeline operations, and the company is making new investments to benefit from future opportunities to export North American oil to overseas buyers. Enbridge recently closed a US\$3 billion deal to buy an oil export terminal in Texas.

On the pipeline side, Enbridge has finally completed the Line 3 Replacement Project that saw the company replace an old line that runs from Edmonton to Superior, Wisconsin with 1,765 km of new infrastructure. The previous line was operating at reduced capacity, but the new pipeline will transport up to 760,000 barrels per day.

Enbridge has the financial clout to make strategic oil infrastructure acquisitions. At the same time, organic projects are still possible, especially in the natural gas transmission and distribution businesses, as well as in Enbridge's growing renewable energy group.

The dividend should continue to grow in line with increases in annual distributable cash flow.

The bottom line on top high-yield stocks

Suncor and Enbridge pay attractive dividends that offer above-average yields. The payouts should continue to grow in the next few years. If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your radar right now.

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Date

2025/07/26

Date Created

2021/10/30

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