
2 Cheap TSX Dividend Stocks to Buy on the November Dip

## Description

A number of top TSX dividend stocks are giving back some of their 2021 gains. Investors who missed the rally are finally getting a chance to buy industry leaders at cheap prices.



# Enbridge

**Enbridge** (TSX:ENB)(NYSE:ENB) trades for $50.50 per share at the time of writing compared to the recent high of $54. The dip comes amid a broader selloff in the energy infrastructure sector as oil and natural gas prices pull back from their 2021 highs.

Enbridge reported solid Q3 2021 results. Adjusted earnings came in at $1.2 billion compared to $1.0 billion in the same period in 2020. Looking ahead, 2022 should be an even better year for the company.

Enbridge completed its Line 3 Replacement Program in September. The pipeline brings crude oil from Alberta to refineries in the United States and can now operate at full capacity. Fuel demand is surging as airlines ramp up international routes and commuters start heading back to the office, so the opening of the eight-year project is timely.

Enbridge will also get new revenue next year from its latest acquisition. The company purchased an oil export facility and related pipeline infrastructure for US$3 billion. The deal adds revenue and cash flow while expanding Enbridge's oil export portfolio.

The board raised the dividend in each of the past 26 years and another payout increase is likely on the way for 2022. Enbridge provides its financial guidance for next year in early December. The company increased the payout by 3% for 2021.

It wouldn't be a surprise to see a dividend hike of 5% for 2022 now that the liquids pipelines group is rebounding from the 2020 downturn.

Investors who buy the stock now can pick up a 6.6% dividend yield.

# Canadian Natural Resources

**Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) is an oil and natural gas producer with a diverse product mix and vast resources. As the sole owner of most of its facilities, CNRL has the flexibility to shift capital investments to the highest-return opportunities in the portfolio, responding to movements in market prices.

The rebound in oil and natural gas prices in 2021 created a profit windfall for CNRL and its investors. The company reported Q3 2021 adjusted funds flow of $3.6 billion and $2.1 billion in adjusted net earnings.

Net debt fell $2.3 billion in the quarter to $15.9 billion. CNRL is on track to hit its absolute debt target of $15 billion by the end of 2021. Based on the current free cash flow-allocation policy, the company will use 50% of free cash flow after dividends to buy back shares and 50% to further strengthen the balance sheet and make strategic acquisitions, beginning in 2022.

Investors are getting a 25% raise, as well. The board announced the dividend increase when the company provided Q3 2021 results. This is the 22nd straight year of dividend hikes and the increase is above the 20% average payout boost.

The stock currently trades below $52 per share compared to the 2021 high around $55. Investors who buy now can pick up a 4.5% dividend yield.



# The bottom line on top dividend stocks

Enbridge and CNRL are leaders in their respective sectors with long track records of dividend growth. The stocks offer above-average yields and now look attractive after a modest pullback.

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