



2 Top TSX Dividend Stocks to Own in 2022

Description

Income investors and those seeking to generate attractive total returns in their [TFSA and RRSP](#) portfolios are searching for top dividend stocks to buy for 2022. The overall **TSX Index** looks overbought right now, but there are still stocks that appear [undervalued](#) as we head into the new year.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) trades near \$32 per share at the time of writing. That's up more than 100% from the 2020 lows but Suncor stock has a long way to go before it returns to its pre-pandemic price around \$44 per share. The slow recovery compared to some of its peers who have regained their pandemic losses might be attributed to investor anger that Suncor slashed its dividend in 2020 when the other major producers held their payouts steady.

Suncor also waited until it released the Q3 2021 results to bump up the dividend again. The board announced a 100% increase to the payout, bringing the dividend back to the 2019 levels. This still trails other large producers who raised distributions in 2021 and have bumped up payouts again for 2022, but investors could see Suncor make up the gap next year.

Management decided to use the cash windfall in 2021 to reduce debt and buy back shares at fire sale levels. These moves will benefit investors in the long run. Suncor's production operations are expected to increase output in 2022 while the capital expenditures will be lower than previously announced. With WTI oil at US\$75 per barrel and fuel demand expected to continue to recover in the next 12 months, Suncor is poised to generate significant profits.

The stock looks cheap today and offers investors a solid 5.3% dividend yield.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) recently raised its dividend for the 27th straight year. The 3% increase is the same as for 2021 and while these payout hikes are below Enbridge's long-term

dividend-growth rate, they still indicate the company has the ability to generate solid gains in distributable cash flow during challenging times.

Looking ahead, the next few years should be positive for Enbridge investors. The rebound in fuel demand in Canada, the United States, and across the globe will drive up demand for Enbridge's pipeline and oil export services. The company moves 25% of the oil produced in the U.S. and Canada and 20% of the natural gas used in the United States.

Enbridge is large enough to make strategic acquisitions to drive revenue and profit growth. The company is also ramping up investment in its renewable energy and natural gas businesses.

The stock appears oversold at the current price near \$49 per share. Investors who buy now can pick up a 7% dividend yield and simply sit back and collect the generous payouts.

The bottom line on top dividend stocks to buy now

Suncor and Enbridge pay attractive dividends that offer above-average yields. The companies are industry leaders, and the stocks look cheap in an otherwise expensive market. If you have some cash to put to work these stocks should deliver solid total returns for TFSA and RRSP investors in 2022.

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