2 Top TSX Dividend Stocks to Buy in January

Description

Dividend investors are searching for top Canadian stocks to put in their TFSA and RRSP holdings for 2022. The overall **TSX Index** looks expensive right now, but investors can still find some good stocks to buy at reasonable prices.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is a midstream service provider in the Canadian energy sector. The company has grown steadily over the past 65 years and is a key player in helping Canadian oil and gas producers get their product to domestic and global markets.

Pembina Pipeline has a $665 million capital program in place for 2022, primarily spread out across its pipeline and facilities divisions. Of note, the company is scheduled to complete Phase VII of its Peace Pipeline Expansion. The expected cost of the project is down by $110 million, and the anticipated in-service date has moved up to the middle of 2022.

Adjusted EBITDA is expected to be $3.35 to $3.55 billion in 2022. Management expects cash flow from operations to be more than the amount required to cover dividends and the capital program. As a result, Pembina Pipeline intends to use the first $200 million of excess cash in 2022 to buy back shares. The rest will be used to reduce debt, fund new projects, or increase the dividend.

Pembina Pipeline has a number of growth projects under consideration for the next few years. These include a new liquified natural gas facility and a natural gas liquids extraction facility.

The stock trades near $38 per share compared to the 12-month high of $43. Investors have a chance to buy Pembina Pipeline on a pullback right now and can pick up an annualized dividend yield of 6.6%.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is a giant in the Canadian energy patch with a market capitalization of $63 billion. The company’s size and strong balance sheet give it the firepower to make strategic investments and acquisitions to drive long-term growth.

CNRL owns a diversified resource base and has production operations that include oil sands, conventional heavy oil, conventional light oil, offshore oil, and natural gas. The company typically owns its assets outright, giving management the flexibility to more capital around the portfolio to take advantage of changes in commodity prices.

CNRL generates significant profits and cash flow at current oil and natural gas prices. The rebound in the global economy is driving up fuel demand, and that is expected to keep prices elevated for the next few years. The board is using excess cash to reduce debt and buy back shares. CNRL also increased the dividend by 25% when it announced Q3 2021 earnings. The company has a great track record of dividend growth, and investors should see the trend continue.

The stock is up 70% in the past year but still trades at less than 11 times trailing 12-month earnings. Investors who buy now can get a 4.4% dividend yield.

The bottom line on top dividend stocks to buy in 2022

Pembina Pipeline and CNRL are leaders in their respective segments and pay attractive dividends with high yields. The stocks appear cheap right now and could deliver big gains in 2022.

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2. Investing

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2. NYSE:PBA (Pembina Pipeline Corporation)
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