



2 TSX Dividend Stocks to Own in 2022

Description

Canadian investors are searching for top TSX dividend stocks to add to their [TFSA or RRSP](#) portfolios this year. The overall market appears expensive right now, but investors can still find good dividend stocks to buy that offer growing distributions attractive yields.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) operates more than \$100 billion in assets in Canada, the United States, and Mexico. The company is best known for its natural gas transmission and storage operations, but TC Energy also has power-generation facilities and oil pipelines.

The energy infrastructure [sector](#) came under pressure in 2020 amid the broader pullback in the oil and gas industry. TC Energy, however, continued to perform well in 2020 and had a solid year in 2021 as well. Looking ahead, the recovery in the oil and gas markets is expected to continue in 2022 and beyond. Natural gas, in particular, is expected to be in high demand, as countries around the world look to use the fuel to replace coal and oil for power production while they ramp up investments in renewable energy.

TC Energy intends to raise the dividend by 3-5% per year over the medium term. The company has \$22 billion in capital projects on the go and has the financial clout to make strategic acquisitions.

The stock is up in recent weeks, but still looks undervalued at \$63 per share. The 12-month high is around \$68, and TC Energy traded for more than \$75 per share before the pandemic. Investors who buy the stock at the current levels can pick up a solid 5.5% dividend yield.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) trades at its 12-month high at the time of writing, but the stock should still have attractive upside in 2022, as oil prices appear destined to hold or extend the gains.

WTI oil currently trades near US\$84 per barrel. Analysts are widely calling for a run to US\$100 in the next two years. OPEC sees strong demand growth continuing in 2022, and economists are less concerned about the impact of Omicron on the global recovery.

Suncor reported strong Q3 2021 results that showed the company's refining and retail operations are back on track along with the rising margins for the production segment. Suncor raised its dividend by 100% when it announced the Q3 2021 numbers, bringing the payout back to the 2019 level. The company is also buying back up to 7% of its stock under the current share-repurchase program.

Suncor reduced debt in 2021 to its 2025 target level, so more cash should be available for dividend increases and additional share buybacks this year. The stock trades at \$36.50 at the time of writing. This is still well below the \$44 it fetched before the pandemic when WTI oil was just US\$60 per barrel.

Investors who buy Suncor stock now can pick up a 4.6% dividend yield.

The bottom line on TSX dividend stocks to buy in 2022

TC Energy and Suncor pay growing dividends that offer attractive yields. The stocks appear cheap right now in an expensive market and should deliver solid total returns for TFSA and RRSP investors.

CATEGORY

1. Dividend Stocks
2. Investing

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