3 Top Dividend Stocks That You Can Buy Under $50

Description

The global equity markets have turned volatile over the last few weeks amid the fear that the U.S. Federal Reserve could hike interest rates earlier than expected amid rising inflation. In a higher interest rate environment, borrowing costs could increase, hurting profit margins of growth companies, which require considerable capital to fund their growth initiatives. So, in this volatile environment, investors can look at buying the following three dividend stocks to boost their passive income while also shielding against volatility.

Pembina Pipeline

With a forward dividend yield of 6.38%, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) would be my first pick. The midstream company operates highly regulated assets with over 90% of its adjusted EBITDA generated from fee-for-service, take-or-pay, or cost-of-service contracts. So, its cash flows are mostly insulated from commodity price fluctuations, thus generating stable and predictable cash flows. These solid cash flows have allowed the company to pay dividends uninterrupted since 1997.

Meanwhile, Pembina Pipeline expects to put around $900 million of projects into service this year. Further, it has $4 billion projects in the development stage. Along with these growth initiatives, its strong underlying regulated business should generate substantial cash flows, thus continuing its dividend growth. Additionally, the company's liquidity position also looks healthy. I believe Pembina Pipeline would be an excellent buy for income-seeking investors.

Suncor Energy

My second pick is **Suncor Energy** (TSX:SU)(NYSE:SU), which had doubled its quarterly dividends in October. Higher commodity prices, increased production, improvement in asset utilization rate, and decline in operating expenses drove the company's financials in the third quarter, thus allowing it to double its dividends. Its forward yield stands at an attractive 4.63%.

Meanwhile, oil prices have crossed $85 per barrel amid supply constraints and the increasing political tensions between Russia and Ukraine. Meanwhile, analysts are bullish on oil, with few of them expecting its prices to cross $100 per barrel this year. Besides, Suncor Energy expects to increase its upstream production by 5% this year while increasing its refinery utilization rate. So, higher commodity prices, increased production, a decline in debt levels, and share repurchases could boost the company's financials in the coming quarters.

Given its growth potential, healthy dividend yield, and attractive valuation, I believe Suncor Energy would be an excellent addition to an income portfolio.

Canadian Utilities

My final pick would be **Canadian Utilities** (TSX:CU), which has been raising dividends for the last 49 years, the longest time for a Canadian public company to do so. The company serves around 2 million customers, meeting their electric and natural gas needs. With its five utility assets generating most of its earnings, its cash flows are stable and predictable irrespective of market conditions. The company has been able to raise its dividends consistently. Its forward yield currently stands at a juicy 4.89%.

Meanwhile, Canadian Utilities expects to increase its rate base from $14 billion to $14.8 billion by the end of the following year through a capital investment of around $3.2 billion. With these investments, favourable rate revisions and improvement in operational efficiency could boost its financials in the coming quarters. Given its impressive track record, stable cash flows, and high dividend yield, I am bullish on Canadian Utilities even in this volatile environment.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:PPL (Pembina Pipeline Corporation)
5. TSX:SU (Suncor Energy Inc.)

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Date
2025/08/17
Date Created
2022/01/28
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