Passive Income: 3 Cheap Dividend Stocks for February!

Description

Are you looking to add some passive income to your portfolio in February?

If so, it pays to invest in dividend stocks. With regular contributions, you can build a dividend portfolio that pays enough income for you to retire on. With that in mind, here are three cheap, high-yield dividend stocks to grab in February.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is Canada's biggest integrated energy company. It extracts, refines and markets crude oil products. It is perhaps best known for its Petro-Canada gas stations, where it sells gasoline directly to consumers. It also exports crude oil to parts of the United States, like Colorado.

Suncor Energy is an attractive buy today because oil prices are rising. Integrated energy companies are pretty much direct bets on oil prices, as the price of the commodity determines so much about how their earnings will turn out. An energy company can rise more or less than oil prices do, because costs and investments in new projects affect profitability. But oil prices are the most reliable determinant of earnings. Suncor needs $45 WTI oil prices to break even; the higher oil prices rise beyond that level, the more profit it earns.

We can see that fact borne out in Suncor's most recent earnings release. In the third quarter, SU brought in the following:

- $2.6 billion in adjusted funds from operations (AFFO), up 160%
- $877 million in earnings, up from a loss
- $0.59 in EPS

It was a pretty solid quarter all around. And it was almost entirely due to the strength in oil prices at the time. When the price of oil rises, so do Suncor's profits. Today, the price of oil is much higher than it was in the third quarter, so Suncor is very likely to report solid results for the current period.

Royal Bank

Royal Bank of Canada (TSX:RY)(NYSE:RY) is a very cheap dividend stock that trades at about 12.5 times earnings while having a 3.3% dividend yield. It certainly looks like a value play. And this year, RY will have the potential to deliver some growth as well.

In 2022, there are two developments ongoing that could help banks tremendously: interest rate hikes and the COVID-19 economic recovery. When interest rates rise, banks may earn higher profit margins on their loans. When the economy recovers, banks issue more loans. Take the two factors together, and we've got the potential for solid earnings from Royal Bank in the year ahead. That could, in turn, lift its stock price.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a very cheap energy stock that offers an incredible 6.4% yield. It trades are just 19 times earnings and 11.5 times operating cash flow, both of which are low multiples these days. On top of that, it has a solid track record of dividend growth, having raised its payout by about 11% annualized over the last five years.

Enbridge's most recent quarter was mixed, with a huge increase in revenue but a decline in earnings. It looks like non-cash factors held earnings back in the period. Nevertheless, ENB did very well on the top line in the third quarter, which provides optimism that it can start rising in the year ahead.

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3. NYSE:SU (Suncor Energy Inc.)
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