2 Remarkably Cheap Dividend Stocks to Buy Now

Description

The **S&P/TSX Composite Index** is hitting new heights again, despite the Bank of Canada (BoC) increasing its key interest rate on March 2, 2022. Positive momentum in the broader market indicated by the benchmark Canadian equities index might make investors think that value investing opportunities are not available on the TSX right now.

However, several high-quality stocks are trading for attractive valuations. Several of those companies also pay shareholder dividends to their investors. Dividend investing with cheap income-generating assets can deliver wealth growth through capital gains and dividend payouts.

Today, we will discuss two cheap dividend stocks that also pay reliable shareholder dividends that you could consider adding to your self-directed portfolio.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is a $58.67 billion market capitalization integrated energy company headquartered in Calgary. The company specializes in producing synthetic crude oil from oil sands, and it is finally gaining momentum on the stock market due to rising commodity prices.

Suncor slashed its shareholder dividends by 55% in 2020 as a pre-emptive measure to mitigate challenges caused by the pandemic. The move to forfeit its status as a Canadian Dividend Aristocrat shocked many investors, but it has become a good deal.

Last year, the rebound in energy prices saw the company reduce debt and begin a share-buyback program because of the extra liquidity.

Suncor Energy stock trades for $41.02 per share at writing, and it boasts a 4.10% dividend yield after the company's management raised its dividend payout back to its 2019 levels.

TransAlta Renewables

TransAlta Renewables (TSX:RNW) is a $4.83 billion market capitalization renewable energy company headquartered in Calgary. The company owns and operates a diversified portfolio of renewable energy assets, including solar, hydro, and wind power facilities.

The renewable energy sector had a weak year in 2021 after a major correction from its steep 2020 gains. The added pressure of company-specific issues with a few of its facilities also brought its share prices down.

The company has a wide enough economic moat to fund its capital projects and strategic acquisitions. New revenue streams through both fronts could help it offset some of the losses from the unexpected downtime in one of its wind power facilities.

Renewable energy demand also continues to rise. The trend paints a good picture for companies like TransAlta Renewables, which are well positioned to deliver to meet the demand. TransAlta Renewables stock trades for $18.19 per share at writing, and it boasts a juicy 5.17% dividend yield at writing.

Foolish takeaway

As the Canadian benchmark index approaches newer heights, you could argue that the market is entering overbought territory. However, not all TSX stocks appear to be overbought compared to the broader market.

Suncor stock and TransAlta Renewables stock trade below their all-time highs and boast the potential to deliver stellar growth in the coming years. These two cheap dividend stocks could be good investments if you're looking for long-term wealth growth by capturing capital gains and dividend payouts.

CATEGORY

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