3 High-Yield Dividend Stocks for Easy Passive Income

Description

2022 is proving to be a great year for dividend stocks. High-dividend sectors like utilities and energy are rallying this year, while tech stocks and the broader markets are down. Even the relatively weak dividend-paying sectors, like banking, are outperforming the indexes this year.

All this outperformance comes with a cost, though: *lower yields.*

When stock prices go up, dividend yields go down. A rising stock can also have a rising yield if the company hikes the payout, but hikes generally only happen once per year if at all. So, yields are generally lower now than they were at the start of the year. If the gains in dividend stocks continue, then yields will go even lower. If you want to lock in very high yields on high-quality dividend stocks, now would be the time to do it.

With that in mind, here are three Canadian dividend stocks that still offer high yields in April.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is a Canadian bank that has a 4.09% dividend yield. CM usually trades at a discount to its peers, because it is perceived as having less growth potential than they do.

Many Canadian banks have expanded internationally, providing broad new horizons for growth. CM has done so to a much lesser extent, so its growth is limited to what the saturated Canadian market can provide. Because of its geographic concentration, you can’t expect the kind of growth from CIBC that the other big Canadian banks might deliver. But you do get a somewhat higher yield in exchange for forfeiting that growth: the average TSX bank only yields about 3.5%.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is a Canadian pipeline stock that makes money by transporting crude oil. Like many energy stocks, PPL is benefitting from higher oil prices this year. The stock hit a bottom of $25.45 in March and has rallied 14% since then. PPL is still down slightly for the full year.

Pipeline stocks do not “directly” profit off of higher oil prices like integrated energy companies do. They may make some money off of greater *demand* for oil, but higher prices in themselves do not increase pipelines’ revenue. Nevertheless, PPL’s most recent quarter was solid. In it, the company delivered

- $2.5 billion in revenue — up 52%;
- $80 million in net income — up from a loss; and
- $697 million in cash from operations — down 9%.

Apart from cash from operations, all of these metrics were solidly improved compared to the year before. So, there is reason for optimism regarding PPL’s ability to keep paying its 5.3% yielding dividend going forward.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a Canadian pipeline stock that yields approximately 6%. Like PPL, its yield is very high. It’s also reasonably well covered by cash flows. Technically, ENB’s payout ratio is above 100%, but the cash flow payout ratio is only 72%. So, based on cash flows, ENB will be able to pay its dividend for the foreseeable future. It also doesn’t hurt that this company has a long track record of raising its dividend — even during oil bear markets.

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