



## 2 Canadian Dividend Stocks to Buy for High-Yield TFSA Passive Income

### Description

The 2022 market correction has likely bottomed, but TFSA investors seeking high-yield dividend stocks to buy for tax-free passive income can still find good at cheap prices.

### Enbridge

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) pays a quarterly dividend of \$0.86 per share. That's good for a 6.2% yield at the current share price near \$55.50 per share. The board raised the payout in each of the past 27 years, and investors should see distribution growth continue as cash flow rises.

Enbridge has a [market capitalization](#) of \$112 billion. This gives it the financial clout to make both strategic acquisitions and organic investments to drive revenue and cash flow expansion. Enbridge spent US\$3 billion last year to buy an oil export platform in the United States to capitalize on rising global demand for U.S and Canadian oil. Enbridge is also investing in liquified natural gas (LNG) opportunities. The company is building new natural gas pipelines to supply facilities on the American Gulf Coast and recently announced it will take a 30% stake in the \$5.1 billion Woodfibre LNG development in British Columbia that is targeted to go into operation in 2027.

### Suncor

**Suncor** ([TSX:SU](#))([NYSE:SU](#)) trades near \$41 per share at the time of writing compared to \$53 in June. The drop over the past several weeks occurred, as West Texas Intermediate (WTI) oil pulled back from US\$120 per barrel to US\$92 today.

This is still a very profitable price for Suncor and industry observers expect the market to remain tight for the next few years. A lack of investment in exploration and drilling over the past 30 months has resulted in reduced capacity for major international producers to raise output to meet rising oil demand. Companies are also less likely to launch major new developments amid strong pressure to reduce emissions.

Traders sold oil in the past two months amid rising recession fears, but demand is still expected to grow by 6-7% according to both OPEC and the International Energy Agency (IEA). Rising fuel demand caused by increased airline capacity and a return of commuters to highways will help offset reduced demand due to a weaker global economy. Recently, oil demand has soared, as countries switch to the fuel from natural gas to produce power amid natural gas shortages, soaring natural gas prices, and record heat waves driving major surges in electricity demand, as people and companies crank up air conditioners.

Suncor cut the dividend in 2020, but subsequent increases have pushed the quarterly payout to a new all-time high of \$0.47 per share. Management is using excess cash to reduce debt and buy back stock in 2022. Investors should see another dividend increase in 2023. Bonus dividends could also be on the way, driven by improved cash flow and potential proceeds from asset sales.

At the time of writing, Suncor stock offers a 4.5% dividend yield. The stock appears undervalued today, and it wouldn't be a surprise to see it top \$50 again before the end of the year.

## The bottom line on top TSX dividend stocks to buy now for passive income

Enbridge and Suncor pay attractive dividends that should continue to grow in the coming years. If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ENB (Enbridge Inc.)
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