2 Safe Dividend Paying Stocks to Buy on the TSX Today

Description

Inflationary pressures and recession fears continue to stalk stocks as evidenced by the **TSX's** constant fluctuations. While volatility is ever-present, it's higher than usual in the current environment. Some people with low tolerance for volatile markets tend to pull out and only dive back in when the situation becomes more stable.

However, if high inflation persists longer than expected, earning passive income could be a great way to lessen the impact. You can stay the course or remain invested by buying safe dividend-paying stocks.

Market heavyweights **Toronto Dominion Bank** (TSX:TD)(NYSE:TD) and **Enbridge** (TSX:ENB)(NYSE:ENB) are top picks for risk-averse investors. Their share prices will spike and dip, but the generous dividend payments should be rock-steady. Also, both companies are time-tested and demonstrate a pattern of emerging stronger from a crisis or downturn.

Long-term value

Bharat Masrani, TD Bank Group's President and CEO, said, "In a complex macroeconomic environment, we are well-positioned to continue investing in our business and create long-term value for our shareholders." The Big Bank is also preparing for a possible recession.

In Q3 fiscal 2022 (three months ended July 31, 2022), management made a prudent move by raising its provision for credit losses (PCLs) to $357 million. Because PCL counts against income, TD's profit during the quarter declined 9% to $3.21 billion versus Q2 fiscal 2021.

Still, Masrani said, "Continued business momentum, increased customer activity, and the benefits of our deposit-rich franchise contributed to TD's strong performance in the third quarter." The increase in PCL is understandable, although TD's Chief Risk Officer, Ajai Bambawale, said loan provisions and bad loans remain low.

Interestingly, Bambawale said deposits grew 8% year-over-year. Note that TD has a large retail presence in the United States. The strong momentum of its consumer and commercial businesses across the border resulted in an 11% growth in net income for the business segments.

The $156.7 billion bank will have an expanded presence in the U.S. next year. It expects to obtain regulatory approvals to take over First Horizon and Cowen Inc. by Q1 fiscal 2023. TD currently trades at $86.87 per share and pays an attractive 4% dividend.

Low-risk, high-yield

Enbridge has a low-risk business model and is ready to pursue the best conventional opportunities to bolster growth. According to its President and CEO, Al Monaco, management's two-pronged strategy is the right approach to meet the ever-growing energy demand.

The $115 billion company has been building out its export infrastructure in the last few years, which it believes is more relevant today. Enbridge acquired the Texas-based Ingleside export facility to fulfill its Gulf Coast liquid strategy. It's the largest crude oil storage and export facility by volume in the U.S., and is situated in a cost-advantaged location with access to marine waterfront, a gateway to international shipping lanes, and pipeline connectivity. Enbridge will also capitalize on global liquids natural gas (LNG) demand growth through its natural gas systems.

Monaco adds that the secured $4.5 billion of new investments in 2022 strongly positions Enbridge to achieve its three-year 5% to 7% distributable cash flow (DCF) per share compound annual growth rate (CAGR) target through 2024. At $56.80 per share, current investors enjoy a 20.41% year-to-date gain on top of the energy stock's ultra-high 6.06% dividend.

Best value for money

The stock market today is flaky because of strong economic headwinds. However, buying TD and Enbridge today is a safe bet for getting the best value for your money and capital protection. Both dividend-paying stocks are also ideal hedges against inflation.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ENB (Enbridge Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider

2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. agraff
2. cliew

Category

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

Date
2025/08/18
Date Created
2022/08/30
Author
cliew