3 Cheap Dividend Stocks to Buy Right Now

Description

Rising prices are eating into consumers' earnings, creating a deeper hole in their pockets. Despite measures taken by central banks worldwide, economists predict high inflation could stay for some time. Meanwhile, investors can earn a stable passive income by investing in high-yielding dividend stocks, which could help reduce the burden of price rises.

Here are three dividend stocks that pay dividends at a healthy rate and trade at attractive valuations.

Suncor Energy

Recession fears due to the expectation of aggressive interest rate hikes and concerns over a slowdown in China have dragged oil prices down from their March highs. WTI (West Texas Intermediate) oil trades around US$90/barrel — over 30% lower than its March highs. The correction in oil prices has dragged **Suncor Energy's** (TSX:SU)(NYSE:SU) stock price down; it's trading over 23% lower than its 52-week high.

Amid the selloff, the company trades at 4.5 times its next four quarters' EPS (earning per share), which is lower than its historical average. Meanwhile, given its long-life, low-decline asset base, the company can cover its operating expenses, sustainable capital investments, and dividends, if WTI oil trades around US$35/barrel. So, with oil prices trading substantially higher than these levels, I expect Suncor Energy to continue delivering solid financials in the coming quarters. Higher production and cost-cutting initiatives could also drive its growth in the coming quarters.

Meanwhile, with a quarterly dividend of $0.47/share, its yield for the next 12 months stood at 4.6%. Considering its attractive valuation, healthy dividend yield, and favourable environment, I believe Suncor Energy is an excellent buy right now.

Keyera

With NTM (next 12-month) price-to-earnings ratio of 13.3 and a high dividend yield of 6.16%, **Keyera** (TSX:KEY

) is my second pick. The midstream energy company is less susceptible to oil price fluctuations, with around 70% of its earnings protected by long-term, fee-for-service and take-or-pay contracts. Supported by its stable cash flows, the company has raised its dividend at a CAGR (compound annual growth rate) of 7% since 2008.

Meanwhile, the company continues to construct the Key Access Pipeline System (KAPS), which could become operational in the first quarter of 2023. It has five more projects in the developmental or construction phase that could be completed by 2025. Amid these investments, Keyera's management projects its adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) to grow at a CAGR of 6-7% through 2025. With a payout ratio of 51% for the June-ending quarter and a healthy liquidity position of $1.7 billion, I believe Keyera is well positioned to maintain its dividend growth.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is trading around 25% lower than its 52-week high amid the recent selloff. Its lower-than-expected third-quarter earnings and weakness in the broader equity markets have dragged its stock price down. Amid the selloff, the company's NTM price-to-earnings has fallen to 8.5, lower than its historical average. Besides, it trades lower than peers **Bank of Montreal**, **Royal Bank of Canada**, and **Toronto-Dominion Bank**.

Given the weak economic outlook, Bank of Nova Scotia could witness volatility in the near term. However, given its diversified business, substantial exposure to high-growth markets, and strengthening of its digital channels, I expect the company's financials to improve in the coming quarters.

The company's track record looks solid. It has paid a dividend uninterrupted since 1833. Over the last 10 years, it has raised its dividend at an annualized rate of 6%. With a quarterly dividend of $1.03/share, its forward yield stands at a healthy 5.77%, making it an attractive buy.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:KEY (Keyera Corp.)
5. TSX:SU (Suncor Energy Inc.)

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. kduncombe
2. rnanjapla

Category

1. Dividend Stocks
2. Investing

Date
2025/08/29
Date Created
2022/09/05
Author
rnanjapla