3 TSX Stocks with High Dividend Yields

Description

When the broader markets turn volatile, investors often shift to safe, dividend-paying stocks. As recession fears have bubbled over in the last few months, **TSX** dividend names are in the limelight. Here are some of the top Canadian dividend stocks to consider.

Enbridge

Canadian energy midstream giant **Enbridge** (TSX:ENB)(NYSE:ENB) is one of the top dividend names on the TSX. It currently yields 6.3%, which is way higher than TSX stocks at large. Also, it has increased shareholder dividends for the last 27 consecutive years. Such a long payout streak indicates stability and reliability.

Moreover, Enbridge has raised dividends by a 10% CAGR (compound annual growth rate) in this period, comfortably beating inflation. Note that even though its historical dividend growth rate is high, it has dropped in recent years.

Enbridge earns stable cash flows, irrespective of volatile oil and gas prices. This makes it a relatively low-risk stock compared to energy producer names. The company is a toll-like business where most of its contracts are long-term, take-or-pay in nature. So, even if oil and gas prices rise or fall, Enbridge's earnings are not significantly impacted.

ENB stock has returned a 9% CAGR in the last 10 years, beating broader markets but lagging behind growth stocks. However, if stable passive income is what you're looking for, Enbridge's premium yield stands tall in all kinds of markets.

Canadian Utilities

Utility stocks are proven defensives because they're not prone to volatility and they offer consistent dividends. **Canadian Utilities** (TSX:CU) is one of the top-yielding names on the TSX. While broader Canadian markets have dropped nearly 5% in the last 12 months, CU stock has notably outperformed, returning 20%.

Canadian Utilities has increased its dividends for the last 50 consecutive years, the longest streak in Canada, earning it the title of Dividend King. Even during the 2008 financial crisis and the pandemic, CU kept growing its shareholder payouts. This indicates the low-risk nature of its business and earnings stability. Even in recessions, utility companies enjoy stable demand for their services, ultimately enabling consistent earnings.

In the last decade, Canadian Utilities grew its revenues and earnings by 1% CAGR each. That's lower than the broader markets and much lower than some growth names. But when it comes to safety and stability, investors often have to forego growth. So, if you're interested in attractive, growing dividends and capital protection, CU stock fits the bill and makes for a compelling defensive option.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is the country's biggest energy company by market cap. It is expected to pay a total dividend of $4.5 per share in 2022, including regular and special dividends. That implies a handsome dividend yield of 6.3%. The company has also increased dividends for the last 22 consecutive years.

Canadian Natural has seen its earnings explode in the last few quarters, driven by higher production and higher oil and gas prices. As a result, it has generously rewarded shareholders with dividends and buybacks. Even with CNQ's regular dividends (ignoring special dividends), it offers a juicy yield.

Besides dividends, CNQ stock has witnessed an epic ascent lately that has created massive shareholder value. It has returned 80% in the last 12 months and 300% in the last two years. So, if you're looking for stable, generous dividends *and* growth, CNQ is worth a second glance.

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:ENB (Enbridge Inc.)

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Date
2025/08/17
Date Created
2022/09/21
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