3 TSX Dividend Stocks With +6% Yields You'll Regret Not Buying at Today's Prices

Description

High inflation is driving the Bank of Canada to increase interest rates. This is increasing Canadians' cost of living. Thankfully, there's a flip side of the coin. Rising interest rates are, in turn, depressing stock prices, making dividend stocks more attractive for long-term investment.

Blue-chip TSX dividend stocks, like the three I'm about to introduce, provide nice current income. They also tend to increase their dividends over time. Consequently, in the long run, they can help you maintain your purchasing power, as the Bank of Canada will eventually bring down the inflation rate to the target of about 2%.

Bank of Nova Scotia stock yields 6.4%

Year to date, **Bank of Nova Scotia** (TSX:BNS) stock is the worst-performing Big Six Canadian bank stock. Specifically, the dividend stock is down about 28% in the period. Total returns were approximately 24%. This goes to show that when stock prices drop, dividends received don't stop the bleeding of capital losses. Since this is a paper loss, investors don't lose money unless they sell. There's hope the blue-chip dividend stock will recover in time.

Right now, BNS is an undervalued stock that trades at a discount of roughly a third from its normal long-term valuation. Because it's cheap, it offers a fabulous dividend yield of 6.4% that can boost your income to combat inflation immediately.

Focus on the long term. In the last decade, the bank increased its adjusted earnings per share (EPS) by about 5.4%. Assuming a 5% EPS growth rate over the next decade, it can deliver annualized returns of about 11.4%. Valuation expansion will increase that return rate.

Another blue-chip dividend stock yielding 6.4%

BCE (TSX:BCE) is another trusted large-cap dividend stock that provides a juicy yield of 6.4%. The stock is trading 13% lower since the beginning of the year.

The large Canadian telecom earns highly stable earnings and cash flows. Year to date, it increased its adjusted EPS by 9%. It also spent about half of its operating cash flow on capital investments. Additionally, it paid out close to 80% of its free cash flow for its common stock dividends.

An investment of $10,000 in the stock can generate annualized income of approximately $640. The blue-chip TSX stock has a low beta. So, it's less volatile than the market. It trades at a discount of 16%, according to the 12-month consensus price target of $68.33 across 15 analysts.

Want more income? Check out Enbridge stock

Enbridge (TSX:ENB) is one of the safest energy stocks on the TSX. It's another low-risk dividend stock that generates substantial cash flow. Canadian investors can get a massive dividend income from it. The stock is trading at levels similar to where it was a year ago. At $49.71 per share at writing, it trades at a discount of 17% from the 12-month consensus price target of $60.25 across 20 analysts.

Currently, the stock yields 6.9%. So, on an investment of $10,000, Canadian investors can get annual income of approximately $690. This is favourably taxed income that's taxed at a lower rate than your job and interest income.

Bottom line

You won't regret adding to these three stocks over the next months to boost your overall income. Importantly, they have a track record of raising their dividends. So, you can expect your passive income to rise over time!

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:ENB (Enbridge Inc.)

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