Baby Boomers: 2 Steady TSX Stocks With 6% Yields

Description

It's a hostile environment for Baby Boomer investors to be in right now, with so much attention focused on inflation, rate hikes, and the pain that's to come. Our emotions tell us to sell now and avoid any pain that's to come as a result of a recession. However, doing such could cause us to lock in steep losses and forego any sharp rebound gains that may come as soon as 2023 — when the recession actually becomes a reality.

Markets seem to be expecting a lot of damage to come. At the end of the day, it's all about whether reality is better or worse than most investors on the Street expect. When the bear market roars so loudly, and the market chatter becomes so gloomy, it's easy for stocks to overswing to the downside, perhaps well below their true worth.

For Baby Boomers nearing retirement, it may be wise to jump out of equities, as negative momentum from this bear market builds on itself. Still, I'd argue the time to sell was many quarters ago. Indeed, older investors need to ask themselves if they can still afford to deal with mounting downside risk. Simply put, if one can stay invested in markets for the next five to 10 years, it's a wise idea to stay the course and perhaps even add to positions while dividend yields are swollen.

In this piece, we'll cater to the older investor who has time (a five- to 10-year horizon) to invest cash sitting on the sidelines. Indeed, time is needed, as volatility could continue for another year or even two, as the recession odds soar. As inflation works its course, it's 6-7% dividend yielders that may be intriguing places to store and grow a portion of one's wealth.

TC Energy

TC Energy (TSX:TRP) may not be the most bountiful pipeline company on the TSX Index, but it's certainly one of the cheapest, given the magnitude (and safety) of its payout. The stock yields a respectable 6% after its latest 18-19% slump. Though shares haven't been too eventful over the past five years (a negative 4% return over the timespan), I think it's hard to look past the utility-like operating cash flow stream amid stable (and elevated) energy prices.

Further, energy transportation will be much in demand, even once a recession arrives, given the

Ukraine-Russia crisis that's caused energy prices to remain elevated. While oil and gas prices are well off their peaks, TC is one of few firms that will continue to rake in considerable amounts, regardless of what fluctuations are in the cards for 2023.

TC's Mexican gas assets are a source of reliable growth. Although costs of borrowing are on the rise, I view TC as one of the few firms that can thrive amid stagflationary conditions. The stock goes for 18.7 times trailing price to earnings (P/E), making it one of the cheapest "steady" blue chips with +6% yields to buy right now.

BCE

BCE (TSX:BCE) is a Boomer staple with its sizeable dividend. At writing, the dividend yields 6%. It's been a rough year for the resilient firm, which sunk as low as $56 and change per share. Undoubtedly, Canadians pay hefty mobile fees, and with interest rising while stocks plunge, questions linger as to how missed payments will impact BCE stock.

In terms of competitiveness, I think BCE is a standout player. Apart from the Big Three, there's not much competition in Canadian wireless. It's this triopoly that's a source of strength for BCE as we enter tough times. Indeed, things could get uglier as recession looms and bill payments are missed. Regardless, the dividend yield (which will rise as shares sink) is more than enough reason to buy on further weakness.

At 19.7 times trailing P/E, BCE is a fairly valued way to fight back against inflation.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:TRP (TC Energy Corporation)

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. joefrenette

2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/07/31
Date Created
2022/11/06
Author
joefrenette