2 TSX Dividend Stocks to Double Up on Right Now

Description

There are a lot of great TSX dividend stocks that are still trading at attractive valuations, even after last week's melt-up in markets.

Undoubtedly, it would have been nice to catch the bottom in markets. By waiting for a re-visitation of those bear market lows, one could run the risk of missing out on today's list of bargains.

Sure, they may not be as cheap as they were a week or two ago. Still, they're intriguing holdings to own, as investors become less bearish and more hopeful that inflation's rollover will continue, allowing central banks to cool off on those interest rate hikes.

Dividend stocks: Bracing for higher rates

Indeed, rate hikes are bad news for stock markets. They're even worse for unprofitable companies, as we've come to learn over the past year and a half. Regardless, investors must remember that stocks can still go up in a higher-rate environment. If anything, the dread of higher interest rates may already be baked in.

When it comes to growth stocks, it's really hard to gauge how undervalued or overvalued a name still is in this climate. If inflation rolls over and disinflationary pressures start dragging down inflation at a rate quicker than the Fed and markets expect, don't be surprised to see substantial relief in the risk assets.

Unless you're going to stay invested for 10 years, I'd look to dividend stocks that actually have positive cash flows. Indeed, the growth stocks that have fallen from glory are only suitable for those who understand the risks and can tolerate them. For older investors or those closing in on retirement, dividends could be the way to go.

Stocks and bonds go bust

Undoubtedly, the 60/40 (stock-to-bond) portfolio had its worst year in many decades. It's a really big hit to the chin for older investors, given bonds are supposed to dampen, not add to the pain of stock market selloffs. The stock and bond market pressure may spook a lot of retirees. Still, it's worth remembering that it's highly unlikely that the 60/40 portfolio will drag its feet forever.

In this piece, consider dividend heavyweights **BCE** (TSX:BCE) and **Enbridge** (TSX:ENB) if you're looking to rotate into higher-yielding equities.

BCE

BCE is a telecom giant that many Canadians are familiar with. It's a well-run telecom with the big media business. Going into recession, it's the media business that could drag it down. In the long term, media may also act as a dampener on growth, as BCE looks to continue to invest in the long-term 5G boom.

Indeed, it would be better to pursue a growthier telecom without the media division. Still, media has given BCE a nice discount. Further, cuts to the media business amid the ad downturn may be viewed positively by investors, many of whom seek continued dividend raises from the behemoth.

The stock trades at 20.2 times trailing price-to-earnings (P/E) ratio with a 5.9% dividend yield. The stock is up more than 10% off its October lows. Though the yield is below 6%, I still think the telecom titan is worth adding to before markets have a chance to enter bull mode.

Enbridge

Enbridge is another dividend darling that's a great pick-up right here. The business of pipelines isn't sexy, but with energy prices at where they are, top midstream players ought to be viewed as more utility-like. Indeed, Enbridge stock has cooled off its historic climb out of those 2020 depths.

Still, the dividend is rich at 6.44%, and it's likely to keep on growing, as the shareholder-friendly management team looks to reward investors for their patience. At 19.7 times trailing P/E, ENB stock seems like a great deal for retirees seeking a passive-income boost.

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Author
joefrenette