2 TSX Dividend Stocks With Yields Over 6% That Are Smart Buys Now

Description

Last week's painful end has many doubting the sustainability of the bounce off the market's bottom. With the bears out in full force, it's easy to sell and go away until the dust has a chance to settle, perhaps in 2023, when the Fed is ready to pull back on the rate hikes and hawkish talk. Things are uneasy these days. But they have been for over a year now. Eventually, negative sentiment will exhaust itself, and the sellers will be overpowered by the buyers, as hope makes a comeback.

For many new investors, investing ahead of a recession can be seen as intimidating, even foolish (lower-case *f*, of course!). Stocks seem to be on unstable ground. That said, investors need not invest in the riskiest parts of this market (think the tech sector). Instead, they can pick away at the beaten-down dividend payers and keep on collecting payouts, as markets move up or down.

Indeed, the share movements matter less to income-oriented investors. As long as the dividend is healthy, growthy, and bountiful, there's less to be concerned about from the macro perspective. And if you're going to be forced to endure another 2022-esque year of volatility and worry, you may as well ensure you're getting paid a fat enough dividend to make it all worth your while!

Looking for safe 6%-yielding dividend stocks?

The 4% rule has gained considerable traction among retirees. While 4% yielders are a fine middle-ground for retirees who seek safe payouts with a good amount of growth, I'd argue that in times like these (when the bear is in control), investors can ditch the 4% rule. Inflation has raised our costs of living at an alarming rate. Further, stock price depreciation has turned many 5% yielders into 6% yielders.

These 6% yielders aren't necessarily at risk of an imminent dividend cut. Though they may face difficulties going into a recession year, investors shouldn't be so dismissive of such names that may be rich with value.

Consider **TC Energy** (TSX:TRP) and **CIBC** (TSX:CM) stocks.

TC Energy

TC Energy is a midstream energy firm with shares that have fallen under considerable pressure. Shares are down more than 27% from their all-time highs and could find themselves flirting with lows not seen since 2020. With the energy sector showing some fragility, many investors wonder if TRP stock is still a safe holding for a passive-income fund. The dividend yield has swelled to 6.5%. Despite the sizeable yield, I view it as safe.

Recently, Keystone pipeline leaks have weighed on sentiment. Despite the negative headlines, investors should focus on the long-term opportunity at hand. TC Energy has a long growth runway in Mexico, as it looks to increase its gas transportation capacity.

At 17 times trailing price to earnings, I view TRP stock as a great dividend payer that's on sale.

CIBC

CIBC is a Canadian bank that's felt immense pain of late, with shares plunging around 33% from its highs. That's a bigger hit to the chin than its peers. Amid the slide, the dividend yield has surged to 6.11%. That's profoundly bountiful for such an established financial. Undoubtedly, the main concern is CIBC's large mortgage book as we sail into a recession.

The housing market is feeling the pressure, and there are concerns things could worst in the first quarter of 2023. In that regard, CIBC's discount seems justified. The stock trades at 8.3 times trailing P/E. That's a steep discount too good to pass up for those tempted by the huge payout.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CM (Canadian Imperial Bank of Commerce)
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. Investing

Date
2025/06/29
Date Created
2022/12/19
Author
joefrenette