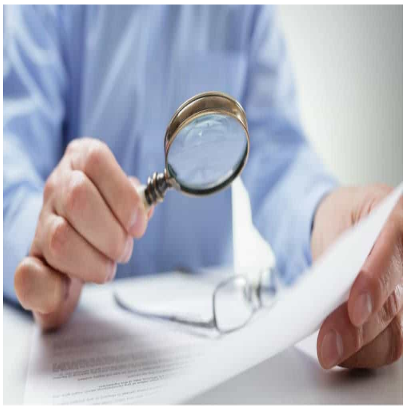

Better Buy for Dividends – Enbridge Stock or BCE Stock?

Description

Enbridge (TSX:ENB) and **BCE** (TSX:BCE) are popular TSX stocks to buy for reliable and growing dividends.

The market correction is now giving investors a chance to buy these top Canadian dividend stocks at a discount. Investors seeking passive income and total returns are wondering which stock might be the best pick for 2023.

Enbridge

Enbridge is a TSX giant with a current market capitalization of $109 billion. The energy infrastructure firm moves 30% of the oil produced in Canada and the United States. This makes Enbridge strategically important for the smooth operation of the economies of the two countries.

Getting large new pipeline projects approved and built is very difficult these days, and that isn't likely to change in the coming years. As a result, Enbridge is shifting its growth strategy. The company is focusing on export terminals, natural gas distribution, renewable energy, and new climate-friendly opportunities such as carbon capture and hydrogen.

Enbridge has $17 billion in capital projects on the go that will help drive higher cash flow. The company also has the financial firepower to make strategic acquisitions when attractive assets become available that complement the strategy shift. For example, Enbridge recently purchased a renewable energy project developer in the United States and secured a 30% interest in the Woodfibre liquified natural gas (LNG) facility under development in British Columbia.

Enbridge trades near $54 per share at the time of writing compared to more than $59 in June last year. The pullback gives investors a chance to buy Enbridge at a discount and secure a 6.6% dividend yield. The board raised the dividend by 3.2% for 2023.

BCE

BCE has been a popular pick among retirees for decades. The communications powerhouse looks a lot different today than it did 30 years ago, but the reasons for owning the stock as a reliable provider of passive income remain in place.

BCE enjoys a wide competitive moat and has the balance sheet strength to make the investments needed to protect its market position. Roughly $5 billion went towards capital projects in 2022. This included a wireline project that saw 900,000 more clients get connected directly to the fibre optic network. In addition, BCE continued the expansion of its 5G mobile network. These initiatives help keep customers loyal while enabling BCE to grow its revenue streams in the coming years through new services and higher plan rates.

BCE stock trades near $60 per share at the time of writing compared to $74 in the spring last year. Investors can now get a 6.1% dividend yield and should see dividend growth of about 5% for 2023.

Is one a better buy today?

Enbridge and BCE pay attractive dividends that should continue to grow. Enbridge offers a slightly better dividend yield, but BCE looks oversold right now and will likely raise the payout by a larger amount in the near term.

If you only choose one, BCE stock likely deserves to be the top pick today. I would probably split a new investment between the two high-yield stocks.

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