

Does Crescent Point Energy Corp. or Suncor Energy Inc. Have the Better Dividend?

Description

Despite cutting its dividend by 57% in August, **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) remains one of the highest-yielding stocks on the **S&P/TSX 60**. Meanwhile, **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) has actually increased its dividend, something we haven't seen much in the energy sector.

So, as one could imagine, both companies are very popular among income-oriented investors. But which has the better dividend?

The case for Crescent Point

Let's start with the obvious: Crescent Point shares yield roughly 7.3%, well ahead of Suncor's 3.3%. On top of that, Crescent Point pays its dividend monthly, which some investors strongly prefer. So, if you have \$10,000 to invest, you can get roughly \$60 per month with Crescent Point, or you can get \$80 every *three* months from Suncor.

Crescent Point has also coped very well with the plunge in oil prices. It entered the downturn with a strong balance sheet and a robust hedging program. Costs have been cut. The reduction in the dividend was also seen as a prudent move.

Furthermore, Crescent Point's shares have fallen by nearly 40% this year, and may very well have reached bargain territory. By comparison, Suncor's shares have fallen by only 5%, and are, without a doubt, pricing in a higher oil price.

The case for Suncor

Crescent Point does have a higher dividend yield, as well as a cheaper share price, but it remains a very risky stock. And if oil prices stay this depressed, the company will likely have to cut its dividend again.

Such problems don't exist at Suncor. The company's balance sheet is far stronger than Crescent Point's, and Suncor's costs have been cut by more as well. Better yet, Suncor's refining and marketing segment—which consists of four refineries and the Petro-Canada gas stations—provides a nice level of diversification.

Put simply, Suncor is quite possibly the safest energy producer you can buy in Canada. And when the company raised its dividend, that only provided further confirmation.

The verdict

So, which stock should you go with? Well, that depends on what kind of investor you are.

If you're on the lookout for cheap stocks, or are looking to bet on the price of oil, then Crescent Point shares are the better option. On the other hand, if you're just looking for a dividend you can count on, then Suncor is likely the only energy company worth looking at.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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3. TSX:SU (Suncor Energy Inc.)
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