Dividend Investors: 2 Beaten-Down Stocks You Should Buy Today

Description

Mr. Market is giving dividend investors a rare opportunity to pick up top-quality dividend-growth stocks at very attractive prices.

Here are the reasons why I think **Suncor Energy Inc.** (TSX:SU)(NYSE:SU) and **TransCanada Corporation** (TSX:TRP)(NYSE:TRP) should be on your radar.

Suncor

Suncor's shares defied gravity for most of the past year, but the recent pullback is finally giving investors a chance to pick up Canada's largest integrated energy company at a reasonable price.

Suncor is one of the few oil producers that actually raised its dividend in 2015. The company's unique business model is a big reason for the strong performance.

The oil sands assets are well known to investors, but Suncor also owns four large refineries and 1,500 Petro-Canada service stations. The downstream operations provide a great revenue hedge against lower prices and that balance is why Suncor has held up so well when its peers have been crashing.

The company is sitting on more than $5 billion in cash and is aggressively pursuing acquisitions while the market is in a state of chaos. Once all of the smoke clears and normal days have returned to the energy space, Suncor is going to stand out as a much larger and stronger company than it was before the oil crisis began.

If oil prices have bottomed, Suncor's shares are set for a big rally. If the latest pop is just another head fake, investors can collect a safe yield until the market finally recovers.

The current quarterly dividend is $0.29 per share and yields about 3.6%.

TransCanada

TransCanada's stock has fallen with the rest of the energy industry, but the company continues to deliver solid results and is still raising its dividend.

The oil rout combined with President Obama’s rejection of Keystone XL really hammered TransCanada’s shares, but smart investors are looking at the big picture and realizing that things aren’t all that bad.

TransCanada still has $11 billion in projects that are moving along well and should be in service by 2018. The company’s massive $15.7 billion Energy East project is also starting to look more promising as the provinces and the new federal government begin discussions on how to get the project built.

Resistance to new pipelines might be strong in the U.S. and Canada, but other countries are moving ahead with new projects. TransCanada recently won a contract to build a US$500 million pipeline in Mexico and more wins could be on the way in that country as the government is keen on building out its energy infrastructure.

TransCanada also has a large electricity production business that generates great cash flow, and the market seems to be ignoring that part of the revenue mix.

The stock has already bounced off the 12-month lows, but the upside potential is still significant, especially if TransCanada gets good news on Energy East.

Management plans to raise the dividend by 8-10% per year through 2020. The current quarterly payout of $0.52 per share yields about 4.4%.

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