



## Are Energy Equities A Good Bet In Midst Of A Comeback For Oil?

### Description

Oil has experienced a resurgence in July fuelled by weakness in the U.S. dollar and a decrease in U.S. inventories. It briefly climbed above the \$50 dollar mark after it had hit a bottom of \$42.29 in June.

On Tuesday, August 1 oil dropped in response to a report that major oil producers worldwide had kept production at high levels. This retreat lends credence to a warning in a note from **Goldman Sachs Group Inc** last week that warned investors about the potential that this rally was too rapid and could overheat just as quickly.

The recent surge has pushed up Canadian energy stocks but volatility may make investors think twice about jumping in right now. And future headwinds should be planting doubts about the long term as well.

### Suncor Energy Inc.

**Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) is a leading Canadian integrated energy company based in Calgary, Alberta. It has a significant stake in upstream oil sands operation and downstream marketing and refining. Suncor boasts a strong balance sheet and has made significant steps to become one of the lowest cost producers on the continent.

The company has seen its share price increase 6% since early July on the back of oil's recent rally. This put the stock price over the \$40 dollar mark for the first time since early June. It has seen a decline of 8% in 2017. Suncor offers a dividend of \$0.32 per share with a dividend yield of 3.17%.

### TransCanada Corporation

On Friday, July 28 **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) announced that it would spend \$160 million to increase the capacity of its mainline natural gas pipeline in Ontario. The company also reported its second quarter earnings – it saw an increase in revenue to \$3.22 billion – up from \$2.75 billion in Q2 2016.

TransCanada stock has seen 3% growth since early July on the back of the oil comeback. It is up 6%

in 2017 and saw an enormous boost from the approval of the Keystone XL pipeline by the Trump administration. The company boasts a dividend of \$0.62 per share – representing a dividend yield of 3.89%.

## Enbridge Inc

Shares of **Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)) have seen a more tepid response to the rise in oil prices – it experienced a 1% increase since early July. The stock has fallen 7% in 2017 and the company had a disappointing first quarter earnings report in May.

Still, Enbridge boasts a dividend of \$0.61 per share at a dividend yield of 4.68%. The company has advanced some \$28 billion in future projects, some still requiring U.S. regulatory approval.

The push for green energy and the release of electric vehicle alternatives by major manufacturers early next decade will continue to stir pessimism for those watching the oil price. Investors should look to the previous three companies to add solid income to their portfolios but the long term picture for oil prices continues to look grim.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:ENB (Enbridge Inc.)
5. TSX:SU (Suncor Energy Inc.)
6. TSX:TRP (TC Energy Corporation)

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