



Which Stock Is Better for Dividend Investors: Enbridge Inc. or Suncor Energy Inc.?

Description

No matter how much you hate holding energy stocks these days, there have always been opportunities in this space for yield-hungry investors.

With the slump in oil prices for the past several years, we have seen many oil producers go out of business, while some have been bought out by the larger players. Top producers have learned to live in the new market conditions.

For Canadian dividend investors, **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) are the two names which are still growing and providing stable dividends to reward their shareholders.

Let's find out which company is a better pick when measured on their capabilities to generate regular dividend income.

Enbridge

Enbridge is one of the best dividend-growth stocks around. With the yearly dividend yield of 4.96%, it offers one of the highest yields among the mature Canadian companies.

When you talk about dividends, reliability is very important. For your income portfolio, you want to buy and hold stocks for a long time, and you don't want companies in your portfolio that suddenly stop paying dividends.

Enbridge has a very solid track record on this front. It's been paying dividend to its shareholders every year since 1953. This long history suggests that you can rely on its dividend cheques during recessions, oil market downturns, and financial crises.

Enbridge is also a great dividend-growth stock, meaning that the company consistently pays more in dividends to help its investors to counter the effects of inflation. Over the past 10 years, its quarterly dividend has grown to \$0.47 a share from \$0.16.

For the next eight years, Enbridge plans to raise its payouts between 10% and 15% each year as it undertakes several growth projects.

Suncor

Suncor is the largest oil sands player in Canada. Unlike Enbridge, its stock has been more exposed to variation in oil prices. But investors generally ignore this fact because the company has very diversified assets, such as gas stations and refineries. This diversification helps Suncor to fare much better than its peers when oil prices are depressed.

On the income-producing metrics, Suncor isn't far behind Enbridge. Currently, its stock pays 3.22% annual dividend yield. Its dividend payout has grown to \$0.32 a share from \$0.05 a share a decade ago.

Suncor also has a long track record of paying dividends. The oil giant has been sending dividend cheques to its shareholders for about quarter of a century.

Which one is better?

I like both Enbridge and Suncor for income portfolios. Both have reliable dividend histories, and both are the leaders in their respective industries.

However, if you have to pick one stock, I would recommend Enbridge due to its higher yield.

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1. Energy Stocks
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