



3 Dividend Stocks to Target as Oil Recovers

Description

Oil prices inched lower on September 21 after hitting highs not seen since the jump a day earlier. Officials from the Organization of the Petroleum Exporting Countries (OPEC) are to meet today. OPEC members are reportedly going to discuss a further 1.8-million-barrels-per-day (bpd) supply cut to combat lower prices. Experts and analysts appear to be torn as to whether or not the deal will be extended into the spring of 2018 as members may see higher oil prices as sufficient to ramp up production.

U.S. production has started its recovery following the devastation of Hurricane Harvey in the Gulf of Mexico, bringing its bpd production to 9.5 million in comparison to the 8.8 million recorded in the immediate aftermath of the hurricane.

The meeting should have an impact on oil prices heading into the final months of 2017, so let's have a look at some Canadian energy stocks that could benefit from a further move up.

Shares of **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) were up marginally on September 21 — increasing 0.35% as the stock closed at \$51.14. Enbridge announced on the same day that it would offer \$1 billion of 60-year bonds. The notes would be redeemable after September 2027 at 5.5% and will be used to fund future projects, reduce debt, and provide financing to other corporate sectors. Investors will have to wait until November to see its third-quarter results.

Enbridge stock boasts a dividend of \$0.61 per share, representing a 4.8% dividend yield.

Suncor Energy Inc. ([TSX:SU](#))([NYSE:SU](#)) stock reached its highest point since June on September 21. The stock closed at \$42.22 — up 0.21% on the day. The share price has increased 8.6% month over month on the back of the oil rally. Suncor is set to release its third-quarter results in October. The company will look to build on the previous quarter, which saw oil sands production almost double from Q2 2016. Suncor also posted net earnings of \$199 million compared to a loss of \$565 million in the previous year.

The stock offers a dividend of \$0.32 per share, representing a 3% dividend yield at offering.

Shares of Calgary-based natural gas liquids company **Altagas Ltd.** ([TSX:ALA](#)) were up 1.38% to close at \$28.60 on September 21. The company has seen strong financial results in the first half of 2017. Normalized net income was posted at \$93 million, or \$0.55 per share, on July 27 compared to \$68 million, or \$0.46 per share, in the first half of 2016. Second-quarter EBITDA also experienced 8% growth from Q2 2016 to \$166 million. Altagas is projecting higher earnings from energy services, renewables, and higher expected volumes in the second half of 2017. The company is also projecting a decrease in administrative expenses in the third and fourth quarters.

The stock boasts a very attractive dividend of \$0.17 per share, representing a dividend yield of 7.3%.

CATEGORY

1. Energy Stocks
2. Investing

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