3 Dividend-Paying Energy Stocks That Are Outperforming as Oil Prices Take Off

Description

Crude oil is running again, up more than 50% since June. And this time, it's taking the energy sector along with it.

Energy Select Sector SPDR (ETF) (NYSEARCA:XLE), which attempts to capture the market for energy-related stocks, is up 27% over the last six months.

That means you would have been better off buying crude futures rather than the energy benchmark, but if you're willing to do a little homework, there are some real gems to be had within Canadian oil sands producers, which have lagged the broader recovery to date, as they've needed a higher price of oil to break even.

Suncor Energy Inc. (TSX:SU)(NYSE:SU)

Suncor is the granddaddy of Canadian oil sands stocks at a market capitalization of $79 billion, and one of the largest companies listed on the Toronto Stock Exchange.

Shares in Suncor are up 36% since June, outperforming the Energy Sector ETF by more than 9% in six months; meanwhile, owing to the company's sheer size, you can rest easy at night knowing that a company as big as Suncor won't be going anywhere.

The stock pays a dividend yield of 2.61%, and with oil prices on the rise again, investors should be anticipating more dividend increases in the near future.

Crescent Point Energy Corp. (TSX:CPG)(NYSE:CPG)

Crescent Point shares are unique in that up until December, they were sitting at 52-week and, more to the point, all-time lows.

That was until they absolutely took off, climbing 39% in just the last four weeks alone.

Yet Crescent Point still trades at a sizable discount to its book value, and the majority of its asset base remains undeveloped, meaning it has desirable value and growth qualities — a solid combination for any investor.

Cenovus Energy Inc. (TSX:CVE)(NYSE:CVE)

Cenovus shares were soaring this past fall, rising as much as 55% between mid-August and the end of October before falling back to earth, giving up about half of those gains.

That was followed by another breakout that began in December, which has seen the shares rise by another 23%, including an 8% gain in last week's trading.

In December, Cenovus announced plans to restructure itself into a leaner, meaner operation, including hundreds of job cuts scheduled for 2018 and reduced capital spending.

The move will do a lot to bolster the company's finances, as it works to protect its $0.20 annual dividend payout, and so far, at least, it certainly looks like the market is in agreement with the recent decision.

Bottom line

While the recent run up in these oil producers is nonetheless impressive, in investing, a little patience goes a long way.

The best thing to do right now may be to continue to follow these companies and just wait for the right opportunity to strike.

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