



Should Royal Bank of Canada or Suncor Energy Inc. Be on Your RRSP Buy List?

Description

Canadians are searching for top stocks to put inside their [RRSPs](#), and the country's largest names often come up as suggestions to anchor the portfolio.

Let's take a look at **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) and **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) to see if one is attractive today.

Royal Bank

Royal Bank generated fiscal 2017 net income of close to \$11.5 billion. That's right; Canada's largest bank makes almost \$1 billion in profit per month!

This might not sit well with customers who think their fees are too high, but it's great news for investors.

The bank's success lies in its balanced revenue stream, with strong operations in personal and commercial banking, capital markets, wealth management, and insurance.

What are the risks?

Interest rates are rising, and that has some investors wondering if people will be forced to sell their homes due to payment increases. A percentage of homeowners could certainly find themselves in trouble, and a pullback in the housing market might be in the cards as a result.

However, analysts see a gradual decline on the horizon as opposed to a total meltdown, and Royal Bank's mortgage portfolio is capable of riding out a rough patch.

On the whole, higher interest rates are normally viewed as being positive for the banks.

Royal Bank has a strong track record of [dividend growth](#). The current payout provides a yield of 3.4%.

Suncor

Suncor took advantage of the downturn in the oil market to add new asset at attractive prices, including

the purchase of Canadian Oil Sands. With oil prices in recovery mode, investors should see a double benefit of higher production and better margins.

Suncor also has organic growth projects, including Fort Hills and Hebron, which have both switched from development to production just as oil is moving higher.

Suncor is primarily known as an oil sands producer, but the company also has large refineries and more than \$1,500 Petro-Canada service stations. These downstream assets provide a nice hedge against weaker oil prices and are a big reason the stock has held up so well in the past three years.

Suncor also has a history of raising its dividend on a regular basis, and more increases should be on the way. At the time of writing, the stock provides a yield of 2.9%.

Is one a better bet?

Both stocks should be reliable buy-and-hold picks for an RRSP portfolio.

However, you have to be a long-term oil bull to own Suncor as part of your pension fund investments.

If that isn't the case, Royal Bank should probably be the first choice today.

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1. Energy Stocks
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2. NYSE:SU (Suncor Energy Inc.)
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