Attention: 2 Dividend Stocks Yielding Up to 6.2% to Buy Low Today

Description

Oil prices enjoyed some positive momentum as major indexes in North America responded well to a dovish take from U.S. Federal Reserve chairman Jerome Powell. Canadian energy stocks have suffered a steep retreat this fall as oil and gas prices have dropped. OPEC is set to meet on December 6 in Vienna to discuss a possible production halt, but surging U.S. production will likely limit the effectiveness of this tactic going forward.

Investors who want to play it safe should therefore target energy stocks that can still survive, and even thrive, even with the oil price gap doing major damage to most Canadian producers. The price of Western Canadian Select (WCS) is hovering around record lows as we approach December. The gap between WTI and WCS has stuck around $40 for several weeks, whereas in a healthier picture that gap tracks below $20.

According to the global credit rating agency DBRS, falling prices could negatively impact the credit ratings of energy companies going forward. This is one of the reasons I'd suggested that investors explore options outside of the oil and gas industry. However, today we'll look at two options in the energy sector that offer attractive income and a potential discount into December. Let's dive in.

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

Suncor stock has plunged 19.3% over a three-month span as of close on November 28. The late summer and autumn turbulence put the stock into negative territory in 2018. Fortunately, Suncor may be the most well-equipped Canadian company when it comes to combating lower prices.

Because of Suncor's size and infrastructure, the company produces crude at a much more efficient rate in comparison to its Canadian peers. Suncor will see worse margins due to price volatility, but it can still turn out a steady profit in these conditions. It is this efficiency that led to CEO Steve Williams, who is soon to depart the company, to declare that Suncor will be drawing production from the oil sands in 100 years' time.

Suncor's operating income surged 80% year-over-year to $1.56 billion in the third quarter. The stock last paid out a quarterly dividend of $0.36 per share representing a 3.2% yield.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge is the largest energy infrastructure company in North America. Shares of Enbridge have dropped 5.2% over the past three months. Solid earnings and a big regulatory win in Minnesota saw the stock gain some momentum in the early summer before it succumbed to volatility once again.

Enbridge CEO Al Monaco joined other business leaders in calling for more ambitious energy infrastructure expansion in Canada. The company seeks to add another 200,000 barrels per day of capacity by the early 2020s and hopes to open long-haul capacity in Western Canada. The federal government has not laid out a grand strategy to respond to the ongoing crisis, but if the price gap remains at current levels investors can bet that pressure will build on further action.

Enbridge last announced a quarterly dividend of $0.671 per share, which represents an attractive 6.2% yield. Infrastructure expansion in Canada will be a focus going forward and Enbridge already boasts a massive project pipeline that carry it into the next decade.

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