4 Top Canadian Energy Stocks Your TFSA Will Love You for

Description

TFSA investors take note: the following four stocks are among the best defensive plays on the TSX index outside of financials, with the right mix of value, good health, and passive income for your savings account. From Warren Buffett's re-investment choice of **Suncor Energy** (TSX:SU)(NYSE:SU) to the high growth in earnings expected by **Vermilion Energy** (TSX:VET)(NYSE:VET), let's see why they're strong choices.

Suncor Energy

Despite a negative one-year past earnings-growth rate, Suncor Energy has seen positive five-year average growth at 9.1%. A healthy stock with an acceptable level of debt at 39.4% of net worth, Suncor Energy has seen significant volumes of shares bought by insiders in the last three months, showing definite confidence in the stock among those in the know.

This Warren Buffet favourite is fairly valued, with a P/E of 22.2 times earnings matched with a near-market-weight P/B of 1.6 times book giving value investors a fair deal. The passive-income investor will be moderately rewarded with a decent dividend yield of 3.73%, with an expected 20.6% annual rise in earnings adding to a shareholder's peace of mind.

Enbridge (TSX:ENB)(NYSE:ENB)

Up 2.68% in the last five days at the time of writing, Enbridge is one of the frontrunning Canadian energy stocks for a dividend portfolio. A yield of 6.05% is within the upper tier of TSX index dividend payers, and a 37.3% expected annual growth in earnings shows that this stock is fit for long-term investment.

With more inside buying than selling recently, it's a little overvalued in with a P/E of 33.5 timesearnings, though its per-asset valuation is close to the market average as shown by a P/B of 1.6 timesbook. While its one-year past earnings growth has been negative at -0.6%, it's been positive overall forthe last five years, with an average growth of 33%.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ)

With a P/E ratio of 12 times earnings and P/B of 1.3 times book beating the TSX index, Canadian Natural Resources has been on a bit of a tear of late. Up 2.92% in the last five days, it's riding high on a positive one-year past earnings growth of 46.6%. However, a negative five-year average of -5.6% coupled with a 2% drop in expected annual growth in earnings is something of a red flag.

Vermilion Energy

Up 1.32% in the last five days at the time of writing, both Vermilion Energy's one-year and five-year average past earnings-growth rates have been negative. However, with more shares getting picked up than shed by Vermilion Energy insiders over the last three months, it's a clear buy for passive income and high growth; for the former, see a dividend yield of 8.43%, and for the latter an equally significant 115.8% expected annual growth in earnings.

The bottom line

For all-round strength and health, investors may want to sidestep Vermilion Energy's high dividend yield and go for a better-valued and sturdier stock like Enbridge, whose yield isn't too shabby itself. Investors may choose to look past a negative earnings outlook to buy Canadian Natural Resources for its dividend yield of 3.63%, or stick with Suncor Energy with its positive five-year track record.

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1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. NYSE:VET (Vermilion Energy)
5. TSX:CNQ (Canadian Natural Resources Limited)
6. TSX:ENB (Enbridge Inc.)
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vhetherington