2 Energy Giants to Hold Forever

Description

The S&P/TSX Composite Index suffered a 75-point drop on February 28. This was the largest single-day drop since January 22. Weakness in financials and materials hurt the index, while the energy sector was a mixed bag. Oil prices fluctuated throughout the day, and there was significant price movement in the evening.

Oil and gas prices have stabilized since encountering major weakness in the latter half of 2018. United States president Donald Trump directed a tweet at OPEC complaining of high oil prices, which sent the price of crude down in late hours on February 28. Alberta resorted to a short-term oil production cut in late 2018 to raise the price of Western Canadian Select, which had fallen to record lows.

The Canadian energy sector has experienced an investment injection to start 2019. Although the sector is still in flux, there are sure bets that investors should be targeting for the long term. Today, we will look at two energy giants that you can hold onto indefinitely.

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

Suncor Energy stock has surged 18.9% in 2019 as of close on February 28. The stock has climbed 7.4% year over year. Warren Buffett's company **Berkshire Hathaway** recently took a fresh stake in Suncor, which gave a boost to the stock in mid-February.

In the fourth quarter of 2018, Suncor managed to overcome price volatility and achieve funds from operations of $2 billion. However, this was down from $3 billion in the fourth quarter of 2017. Total Oil Sands production hit a quarterly record of 740,800 barrels per day and Refining and Marketing (R&M) also reported record quarterly crude throughput of 467,900 barrels per day.

Suncor approved a quarterly dividend of $0.42 per share in the fourth quarter — a 17% hike. This represents a 3.1% yield. The company has achieved dividend growth for 16 consecutive years.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge stock has increased 14.7% in 2019 as of close on February 28. Shares are up 19% from the prior year. Enbridge stock had suffered steady declines from late 2016 to early 2018. Since then, the company's share price has benefited from impressive earnings and regulatory triumphs in the United States.

Enbridge reported that $7 billion of pipeline and utility assets were brought into service in 2018. The company also secured nearly $6 billion in proceeds from the $7.8 billion in non-core assets sales it pursued throughout the year. Adjusted EBITDA climbed to $12.8 billion in 2018 compared to $10.3 billion in the prior year.

Enbridge announced a 10% dividend increase to kick off 2019. The stock now pays a quarterly dividend of $0.738 per share, which represents an attractive 6% yield. Enbridge has achieved dividend growth for 23 consecutive years. The company reaffirmed dividend growth of 10% into 2020 and guided to a longer-term 5-7% DCF-per-share CAGR post-2020. As far as dividend stocks are concerned, Enbridge is in elite company on the TSX.

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