



## TFSA Investors: 3 Dividend Stocks to Play The Energy Sector Rebound

### Description

Recently, energy stocks have been enjoying renewed popularity. With the Canadian Crude Index rising 115% since November and Warren Buffett betting big on **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), there's a feeling in the air that Canadian Energy stocks may be set for a recovery. In fact, there's real evidence that it's happening: year-to-date, the **iShares S&P/TSX Capped Energy Index** is up 8.72% (as of this writing). That's still lagging the TSX, but after years of losses, it's a step in a positive direction.

In general, the price of oil is hard to predict. However, there is a broad consensus among Wall Street analysts that oil is set for a modest recovery in 2019. Should this sentiment read prove accurate, here are three stocks to play the coming energy recovery.

### TransAlta Renewables ([TSX:RNW](#))

TransAlta Renewables owns electrical utilities across Australia and Ontario. As a renewable utility, this stock isn't directly impacted by the oil recovery, but stocks tend to move with their sector. We're seeing this with TransAlta shares, which were up 22% year-to-date as of this writing. TransAlta is a fast-growing business, with earnings up 180% year-over-year and 675% quarter by quarter as of the most recent reports. In addition, the stock is among the highest yielders on the TSX Index. In the past, the yield was as high as 9%. The rising share price has cut into that somewhat, but as of this writing, the yield was still way above average at 7.35%.

### Vermilion Energy Inc ([TSX:VET](#))([NYSE:VET](#))

Vermilion Energy is a company that explores and produces oil and natural gas. Being directly involved in the sale of oil, the company stands to benefit enormously from any recovery in the price of that asset. In its most recent quarter, Vermilion seems to have done just that, as its revenue was up 40% and its net income was up a whopping 3600% year-over-year. The company also pays a dividend that yields about 8% as of this writing—easily one of the highest on the TSX. If you think 8% is too high to be sustainable, think again: this year, dividends are expected to cost [less than half](#) of funds from

operations.

## Suncor Energy

What article about the TSX energy recovery would be complete without a mention of Suncor Energy? Since Warren Buffett took his [well-publicized stake](#) in Suncor last month, it has been getting more attention than probably any other TSX energy stock. Suncor Energy's fundamentals look a bit iffy at the moment, so it's possible that Buffett bought expecting a turnaround brought on by rising oil prices.

Regardless, Suncor has been a solid gainer over the past five years, rising 20% while energy stocks as a class fell in value. As well, the stock pays a dividend that yields 4% as of this writing. That's not as high as the other two stocks on this list, but Suncor has the strongest historical returns of the three.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. NYSE:VET (Vermilion Energy)
3. TSX:RNW (TransAlta Renewables)
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