2 Unloved TSX Index Stocks to Buy Today

Description

The recovery in the TSX Index since January has wiped out many of the great deals that were available at the start of the year, but some stocks still appear attractive.

Let's take a look at **Suncor Energy** (TSX:SU)(NYSE:SU) and **Enbridge** (TSX:ENB)(NYSE:ENB) to see why they might be interesting picks for your portfolio right now.

Suncor

Any mention of the Canadian energy sector pretty much sends investors running for the hills these days. Many have watched their former dividend darlings lose up to 90% of their values in the past five years, and the ongoing pipeline bottlenecks combined with volatile prices are good reason to give the patch a wide berth.

That said, some names in the sector have benefitted from the pain and Suncor is one of those companies.

Suncor is Canada's largest integrated energy firm with production, refining and marketing divisions. The company entered the oil rout with a war chest of cash on the balance sheet and used the firepower to acquire strategic assets at attractive prices. It also took advantage of low construction costs to move ahead with two major developments that are now complete.

The board just gave investors a huge dividend increase and is buying back a big chunk of shares. This means management is comfortable with the cash flow outlook, even at current oil prices.

If oil can continue its recovery and settle in above US$70 per barrel, Suncor could move significantly higher.

At the current price, the stock appears cheap and investors can pick up a decent 3% yield.

Enbridge

Enbridge was a $38 stock last April. Today investors are paying close to $49 per share and more gains could be on the way. In 2015, Enbridge topped $65.

The company has made good progress on an aggressive plan to simplify the corporate structure and improve the balance sheet. Enbridge found buyers for about 80% of the $10 billion in non-core assets it identified under a strategic review last year and is focusing its future investment activity on its regulated businesses.

The dividend increased 10% this year and is expected to jump another 10% in 2020. Beyond that timeframe, Enbridge is targeting growth in cash flow available for distributions of at least 5% per year, so the dividend hikes should continue at a steady rate.

The stock isn't as cheap as it was last year, but still appears oversold and provides a dividend yield of 6%.

The bottom line

Suncor and Enbridge are leaders in the sectors and should be strong buy-and-hold picks for a dividend-focused portfolio today.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks

3. Investing
4. Stocks for Beginners

Date
2025/09/15
Date Created
2019/03/20
Author
aswalker