Turn Your TFSA Into a Geyser of Passive Income With These 3 High-Yield Energy Stocks

Description

It's a fascinating time for the Canadian energy industry. After months of rising oil prices, TSX energy stocks are up 10.59% year to date, and while they lag behind the TSX's return, their recent performance much better than their 2014-2018 run.

In the TSX energy sector, there are many standout companies that have delivered market-beating returns. However, it's not the potential for capital gains that's most interesting here, but the dividend yields. Years of falling stock prices have driven yields on some TSX energy stocks tantalizingly high. And with trade uncertainty sending prices even lower in the short term, now may be a great time to snap up some bargains.

So, without further ado, here are three high-yield TSX energy stocks that could deposit regular passive income into your TFSA.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge is a large pipeline company that distributes oil and natural gas products around North America. Its pipeline system has been called the largest and most sophisticated in the world. The company is growing revenue steadily year after year, while building new transportation capacity like the Line III expansion. As a result of its strong growth and relatively low price, Enbridge is able to pay a dividend that yields 5.98% as of this writing.

TransAlta Renewables (TSX:RNW)

TransAlta Renewables is a renewable energy company that sells wind, solar, and hydro-based electricity. The company distributes energy not only in Canada but also in Australia. In addition to its renewable projects, it also has some natural gas projects. In its most recent quarter, the company grew its revenue by 6% and its earnings by 180% year over year. The stock is very cheap, with a 15 P/E ratio and a 1.5 price-to-book ratio, which partially explains why its dividend yields a whopping 6.78% — one of the highest on the TSX.

Husky Energy (TSX:HSE)

Husky Energy is a diversified energy company that sells crude oil, natural gas, LNG, asphalt, petroleum coke and sulphur. The company's diverse product line means that it can grow even when the price of one of the commodities it sells falls. Basically a production company, it operates a number of refineries and sells the end products to buyers in the U.S. and the Asia-Pacific region. It is currently benefiting from the rise of oil prices.

Over the past four years, Husky Energy has grown its revenue from $16 billion to $22 billion. In its most recent quarter, earnings were up 32%. Despite all this impressive growth, Husky stock is still very cheap, with a P/E ratio of around 10 and a price-to-book ratio of about 0.75. As a result of the cheap price, Husky shares have a dividend yield of around 3.44%. Although this is lower than the other two companies on this list, Husky has the benefit of being one of the more stable in terms of revenue and earnings.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

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2. TSX:ENB (Enbridge Inc.)
3. TSX:RNW (TransAlta Renewables)

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Date
2025/09/11
Date Created
2019/05/11
Author
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