



## An Oversold Dividend Growth Stock Yielding 4% for Your TFSA Today

### Description

The market pullback in recent days is finally giving investors an opportunity to pick up some top-quality companies at reasonable prices while collecting attractive dividends along the way.

Let's take a look at a top **TSX** index stock that might be an interesting pick for your [buy list](#) right now.

### Suncor ([TSX:SU](#))([NYSE:SU](#))

Oil prices in Canada and the U.S. have given up some of their 2019 gains and that is taking a toll on the share prices of stocks in the Canadian energy sector.

WTI oil rallied off a December 2018 low around US\$43 to \$66 last month. In the past four weeks, however, the market has weakened and the drop really picked up steam in the past few days. At the time of writing, WTI is back down to US\$58.

Fears connected to the trade war between the United States and China appear to be overriding threats to supply coming from potential military intervention by the United States to prevent Iran from closing the Strait of Hormuz. Roughly 20% of the world's oil is shipped through the narrow passageway between Iran and Oman.

In Canada, the WCS price surged from the late 2018 low around US\$11 per barrel to above US\$55 in early April. That rally has also lost steam and WCS is currently at US\$43 at writing.

Many of Canada's oil producers are carrying heavy debt and any drop in the price of oil squeezes margins and reduces critical cash flow needed to pay down the debt and still keep drilling. Suncor, however, is a different beast. The company's upstream operations will certainly see lower margins, but its refining and retail businesses can actually benefit from the lower input costs and generate decent cash flow when the oil market slips.

Suncor can also take advantage of the downturn to buy additional assets at attractive prices. The company has a strong balance sheet and its market capitalization of \$65 billion puts it in a unique

position in the Canadian energy sector to make large deals happen during tough times.

## Should you buy now?

Suncor raised its dividend by roughly 17% for 2019 and is buying back billions of dollars' worth of its common stock. This should be an indication that management has a positive outlook on the revenue stream over the medium term. The dividend now offers a [yield](#) of 4%.

The stock is down to \$41 per share, compared to a 2018 high around \$55. Any dip below \$40 should be viewed as an opportunity for buy-and-hold investors to add the stock to their TFSA portfolios.

### CATEGORY

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

### TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

### PARTNER-FEEDS

1. Msn
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### Date

2025/07/22

### Date Created

2019/05/24

### Author

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