



Dividend Investors: Should You Buy Suncor Energy (TSX:SU) or Nutrien (TSX:NTR) Stock Right Now?

Description

Once in a while, investors get a chance to buy quality dividend-growth stocks at discounted prices.

Let's take a look at two [top TSX Index stocks](#) that recently gave investors a nice raise yet are out of favour with the market.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is Canada's largest integrated energy company with oil production, refining, and retail operations that enable the company to generate solid cash flow regardless of which way oil prices are moving.

The oil sands operations are the largest part of the business, and when oil prices fall, the margins generated in the group get squeezed. For pure-play producers, this is problematic, especially if they have weak balance sheets. Suncor, however, can take advantage of the lower input costs to boost profits at its four refineries and more than 1,500 retail locations.

In addition, Suncor's access to key pipeline capacity means it gets WTI pricing for most of its Canadian production. Other players in the sector are not as well positioned and must sell a good chunk of their oil at Western Canadian Select pricing, which normally trades at a hefty discount to WTI and Brent.

Finally, Suncor takes advantage of its strong balance sheet to buy assets when the market hits a rough patch. The company added to its positions in Fort Hills and Syncrude in recent years, and investors should see additional strategic moves to boost production and the resource base.

Suncor raised the [dividend](#) by nearly 17% for 2019. The stock currently trades for \$42 per share compared to \$55 last summer, so there is some decent upside potential on the next oil rally. Investors who buy the stock right now can pick up a solid 4% yield.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is a giant in the global fertilizer industry. The company sells potash on wholesale contracts to governments such as China and India and has an international retail network of stores selling seed and crop protection products to more than 500,000 growers.

The company is realizing better run-rate synergies than forecasted, as it continues to integrate the operations of Potash Corp. and Agrium. In addition, rising potash prices and strong global demand are contributing to better profits. Nutrien reported net earnings of US\$2.69 per share in 2018 and is targeting US\$2.80-\$3.20 per share for full year 2019.

The company raised the dividend by a total of 12.5% in two moves in recent months. A pullback in the stock amid trade war fears now means investors can pick up a 3.5% yield. Nutrien trades for \$66 per share today compared to \$76 last August.

The bottom line

Suncor and Nutrien are giants in their respective industries with unique positions in the market that should provide them with sustainable competitive advantages. If you have some cash sitting on the sidelines, these stocks appear attractive today for a buy-and-hold dividend portfolio.

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