



## Should You Buy Suncor Energy (TSX:SU) or Toronto-Dominion Bank (TSX:TD) Stock for Your TFSA Today?

### Description

Owning dividend stocks and using the distributions to buy additional shares can help investors turn relatively small savings funds into large retirement portfolios.

Let's take a look at **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) and **Toronto Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) to see if one deserves to be on your TFSA [buy list](#) today.

### Suncor

Suncor raised its dividend by nearly 17% for 2019 amid strong cash flow generated from higher production and solid performances at the downstream assets.

Suncor's oil sands and offshore oil facilities are best known to investors, but the refining and retail businesses are arguably the reason to own the stock. When oil prices slide, these divisions can actually benefit from higher margins due to reduced input costs. This provides a great hedge when the market is weak.

At the same time, Suncor's production assets can generate attractive free cash flow when oil prices rally.

Suncor is buying back significant stock under its current repurchase program and saw Q2 2019 production hit a record despite curtailments imposed by the Alberta government.

The stock is down to \$38 per share compared to \$54 last summer. A rebound in oil prices could be in the cards next year if the U.S. and China sort out their trade dispute and OPEC supply cuts continue as planned.

Investors who buy now can pick up a 4.4% [yield](#).

## TD

TD generated \$12 billion in adjusted profits last year and is on track to top that level in 2019. That's \$1 billion in earnings per month!

The company's success come from its strong retail banking operations in both Canada and the United States. TD actually has more branches south of the border than it does in the home country.

Plunging bond yields are helping the Canadian banks reduce fixed-rate mortgage prices while still booking attractive margins. The situation in the past few months should stoke renewed buying in the Canadian and U.S. markets while reducing default threats from current homeowners.

There is a risk we could see an economic downturn due to the ongoing trade tensions between the U.S. and China, and that would be negative for TD and its peers. The stock is holding up relatively well so far. TD trades at \$74 compared to \$80 at its peak last September.

Dividend growth should continue in line with expected earnings-per-share growth of at least 7% per year. The current payout provides a 4% yield.

## Is one a better bet?

TD would probably be the way to go if you want the safer buy-and-hold choice today. However, Suncor appears oversold, and the attractive dividend pays you well to wait for better days.

If you can handle a bit of added volatility, I would probably make Suncor the first pick right now.

## CATEGORY

1. Bank Stocks
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## TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:SU (Suncor Energy Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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