Buy the Dip Now: 3 Huge Dividend Payers

Description

Are you in search of the best buying opportunities with the market dip? There are three energy stocks worthy of consideration. The share prices are on a downtrend. You can purchase all and enjoy an average dividend yield of 9.11%.

Massive surge

ARC Resources (TSX:ARX) released financial and operational results in the recent quarterly earnings report. From a net loss of $54.6 million in the first quarter, this dividend-paying exploration and production company recognized a net income of $94.4 million in the second quarter of 2019. The stock's dividend yield is 10.93%.

As of the first half of 2019, ARC's net income climbed by 342.22 % to $39.8 million compared to the net income of $9 million in the first half of 2018. The surge was due to income tax recoveries and unrealized gains on foreign exchange. The gains were a result of the revaluation of ARC's U.S. dollar-denominated debt.

The actual year-to-date production of 136,985 barrels of oil equivalent per day (boe/d) has zero variance or aligns with ARC's 136,000-142,000 boe/d revised guidance for 2019.

The company was able to manage the price risk exposure in natural gas because of its physical diversification and financial risk-management activities. It also resulted in increased exposure to more attractive North American markets.

Latin American gem

Frontera (TSX:FEC) is the largest independent oil and gas company in Latin America. From Columbia to Ecuador and Peru to Guyana, this $1.18 billion company has a total of 42 exploration and production blocks. Frontera can maintain its financial health by focusing on the LATAM market.

The $176 million cash flow from operating activities reaching $176 million after the first of 2019, prompted Frontera to revise its 2019 full-year operating EBITDA guidance. It's now $525-$575 million from $400-$450 million.

Because of the strong momentum, the board was able to declare a special dividend of $40 million on top of the quarterly dividend of $15 million. Frontera can optimize cash generation and sustain base production from its core assets in the next three to five years, as there are no debt maturities until 2023.

You would be pleased with the high 6.79% dividend yield.

Increased production

Whitecap (TSX:WCP) is an attractive buy at $3.63 with a potential capital gain of 100% based on the forecasts by analysts covering the stock. The company's decision to exercise a more cautious approach for the balance of 2019 is a welcome move.

Capex would be reduced by 17% to $250 million to provide more significant optionality and improve Whitecap's near-term free funds flow. Hence, its full-year 2019 capital expenditure would be $50 million lower than the previous guidance of $450 million.

Despite the downgrade in the 2019 capex program, Whitecap's full-year production guidance of 70,000-72,000 barrels of oil equivalent per day remains unchanged. The second-quarter average production should grow by 6% in the fourth quarter of 2019.

Whitecap's objective in the second half of 2019 is to protect the balance sheet, reduce net debt, and maintain the current dividend yield, which now stands at 9.4%.

Best buys

By adding ARC, Fontera, and Whitecap in your shopping list, you're taking full advantage of the market dip. The energy stocks are your best buying opportunities today.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:ARX (ARC Resources Ltd.)
2. TSX:FEC (Frontera Energy Corporation)
3. TSX:WCP (Whitecap Resources Inc.)

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