



1 Top Dividend Stock to Buy Before November

Description

Before the Canadian election, I'd discussed why **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) was a company that would [thrive under any government](#). On October 21, the Trudeau-led Liberals managed to win a minority, which raises some key questions for the government moving forward.

The market reaction in the energy sector was muted after the election. The S&P/TSX Capped Energy Index inched up 0.4%. A minority government was telegraphed in the weeks leading up to the vote; it was just a question of which of the two leading parties would snatch enough seats to qualify. Industry representatives for the oil patch believe it is unlikely that the Liberals will cancel or delay the Trans Mountain pipeline expansion or the LNG Canada project.

In an emailed statement, Suncor Energy CEO Mark Little vowed to work with the government on finding productive solutions while transitioning to a lower carbon output. Suncor is set to release its third-quarter 2019 results on October 30. I like the energy giant as a buy before we move into November. Let me explain why.

Positive first-half earnings

Suncor has battled headwinds in the broader sector and a production curtailment in Alberta, but earnings have still been rock solid. In the first half of 2019, the company has reported net earnings of \$4.2 billion compared to \$1.7 billion in the prior year. Total oil sands production rose to 692,200 barrels per day, a year-over-year increase of over 144,000 bbls/d, in the second quarter, even while being limited by production curtailments.

Cash flow remained very strong. Suncor reported \$3.43 billion, or \$2.19 per common share in cash flow provided by operating activities. This is compared to \$2.44 billion, or \$1.50 per common share, in the second quarter of 2018. The company reduced its capital-expenditure guidance for the year from a range of \$4.9-\$5.6 billion down to \$4.9-\$5.4 billion.

Solid value

Shares of Suncor are currently trading at the middle of its 52-week range at the time of this writing. The stock had climbed 8.5% in 2019 as of close on October 22. Suncor stock had retreated from technically overbought levels it reached in mid-September and has settled at an RSI of 51, putting it at a neutral level.

The stock last possessed a price-to-earnings ratio of 12.6 and a price-to-book value of 1.3, both in line with industry peers. Suncor stock had dropped 4.7% over the past month at the time of this writing, and I like its value ahead of its next earnings release.

Good dividend

Early last month, I'd discussed whether Suncor was a [better buy](#) than a top utility stock with a comparable dividend. Suncor stock currently offers a quarterly dividend of \$0.42 per share. This represents a solid 4.2% yield. The company has achieved dividend growth for 16 consecutive years.

Suncor's business will continue to thrive, no matter how the new political environment shakes out. Alberta is scaling back its production curtailments, and though Suncor has thrived under this current system, this will be good for the company as we move into the next decade. I'm targeting Suncor ahead of its earnings release.

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Date

2025/08/02

Date Created

2019/10/26

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