Got $6,000? Then Buy These 2 Brilliant Stocks While They Are Cheap

Description

The COVID-19 pandemic began a slew of troubles for stock markets around the world. Energy stocks were the first once to crumble due to the market turbulence that started at the end of February 2020. Things were already volatile for the energy sector due to the Saudi-Russian oil price war. The coronavirus outbreak came along and decimated energy stocks.

The result was that high-quality stocks like **Enbridge** (TSX:ENB)(NYSE:ENB) and **Suncor Energy** (TSX:SU)(NYSE:SU) took massive hits. There might be a federal bailout on the way, but the falling oil prices still have energy companies struggling to cope with the effects of the oil price wars.

Reports are indicating that small- and medium-sized oil producers might receive significant support, because they took the brunt of the impact of the decline in oil prices. Canadians can expect something like the TARP bailout that the U.S. took on in 2008 to deal with the scenario.

I am going to talk about Enbridge and Suncor. If you have that $6,000 contribution room from the 2020 update to Tax-Free Savings Accounts (TFSAs), these two could be viable options to consider. I think that the two energy companies have significant infrastructure to weather the storm and attractive revenue to be excellent TFSA picks.

Enbridge

Enbridge has the single most significant energy infrastructure in continental North America. It is also the largest energy sector company trading on the TSX in terms of market capitalization. The stock is trading for $38.63 per share at writing, and it is down by more than 32% from its February 2020 peak. The stock is now down by almost 21% year over year.

Enbridge had a phenomenal 2019. It posted full-year GAAP earnings of $5.32 billion compared to $2.51 billion in 2018. All of Enbridge's core assets exhibited growth in 2019, and it enjoyed substantial successes with regulators. The company won an opportunity to pursue further growth projects, like the deep-project pipeline.

At the current price, it offers a juicy 8.39% dividend yield and an attractive forward price-to-earnings ratio of 13.95. Once the markets settle down, the long-term prospects of Enbridge seem bright.

Suncor

Suncor Energy boasts one of the most substantial integrated energy infrastructures in Canada. Its business model allows Suncor significant insulation against falling oil prices. It has exhibited its oil price resistance in the past as well. At writing, Suncor is trading for $22.19 per share. It is down by more than 50% from its February 2020 peak.

The stock is down by 49.53% year over year. Despite the drop, Suncor is still one of the most reliable energy sector companies. Suncor and other energy companies were facing a challenging environment towards the end of 2019 due to declining oil prices. It posted funds from operators of $2.55 billion, up from $2 billion in Q4 2018.

The energy company increased its production from 90,200 barrels of oil equivalent per day in 2018 to 115,900 barrels of oil equivalent per day. Its net earnings, however, fell from $3.29 billion in 2018 to $2.89 billion in 2019. The company returned $4.9 billion in dividends and share repurchases to its investors.

At the current price, it has an attractive dividend yield of 8.38%. Its forward price-to-earnings ratio is 11.26, and it has a price-to-book ratio of 0.81. It is likely to recover well from the pandemic-fueled market correction.

Foolish takeaway

If you still have the contribution room in your TFSA, I think it would be worth your while to allocate it to the shares of high-quality companies on the cheap right now. The TFSA is best suited for long-term investments. At the current prices, both Enbridge and Suncor present attractive buys for your TFSA portfolio.

CATEGORY

1. Dividend Stocks
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1. Editor's Choice

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