Have $6,000 in Your TFSA? Buy These 2 Bargain Stocks

Description

The COVID-19 pandemic has led to a broad market pullback. Stock markets around the world are declining, as global economies grind to a halt in the most unprecedented way. The **Toronto Stock Exchange** was already on shaky grounds due to the oil price wars between Saudi Arabia and Russia. The novel coronavirus outbreak has made the situation a lot worse.

While investors are worried about losing significant wealth due to capital loss, a couple of fantastic opportunities have opened up due to the pandemic. High-quality stocks trading on the TSX have taken serious hits. The likes of **Suncor Energy** (TSX:SU)(NYSE:SU) and **Enbridge** (TSX:ENB)(NYSE:ENB) are in oversold territory right now.

There may be a federal bailout to help the energy companies. Still, between the oil price wars and the pandemic, energy companies are finding the economic environment severely challenging.

I think it could be an ideal time to buy shares of both the Suncor stock and the Enbridge stock before the markets begin to recover. I am going to discuss both companies and why the shares could be ideal for the $6,000 contribution room in your Tax-Free Savings Account (TFSA) after the 2020 update.

Suncor

Suncor has one of the most significant integrated energy infrastructures in the country. While the energy giant might be suffering from the effects of the broad market sell-off, it does have a unique business model that protects it from the effects of an oil price crash. The stock has shown resistance to volatile commodity prices in the past as well.

Suncor is trading for $22.75 per share at writing. Down 49.50% from its January 2020 peak, Suncor's current share price has inflated its dividend yield to a massive 8.18%. Towards the end of last year, energy companies began to face trouble due to falling oil prices.

Suncor still improved on its oil production from 90,200 barrels of oil equivalent per day in 2018 to more than 115,000 barrels of oil equivalent per day in 2019. The company disbursed $4.9 billion in repurchasing shares and dividends in the past 12 months.

When the global health crisis subsides, Suncor is one of the likeliest to recover well from the market correction.

Enbridge

Enbridge has arguably the most substantial energy infrastructure in North America. It is the biggest operator in the energy sector, as defined by its market capitalization on the TSX. At writing, the stock is trading for $40.13 per share. The current share prices have inflated its dividend yield to a massive 8.07%.

Enbridge might be down by 29.76% from its February 2020 peak. Still, it has a business model that gives it a degree of insulation from falling oil prices. This pipeline company makes its money by transporting oil across North America. That means its income is based on the volume of oil it ships rather than the price of the commodity itself.

With oil prices currently so low, extraction companies that rely on Enbridge for shipping might reduce their output to mitigate losses on sales. While that may impact Enbridge's earnings, it still enjoys relative security compared to upstream companies in the energy sector.

As the economy begins to gain traction, Enbridge can witness a healthy growth compared to some of its closest peers in the economy.

Foolish takeaway

The TFSA is an ideal investment vehicle for you to store long-term and income-generating assets. Assuming that the Canadian energy sector comes back to life, shares of both the Suncor stock and Enbridge stock could potentially boost your overall wealth through capital gains and dividends in your TFSA.

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Author
adamothman