



CANADA DAY SALE: 2 Energy Stocks With Solid Dividends to Reenergize Your Portfolio

Description

Despite a sharp recovery in the second quarter, the Canadian stock market is still trading in negative territory due to a massive first-quarter sell-off. The **S&P/TSX Composite Index** recovered by 16% in Q2 — logging its best quarterly gains since 2009. Previously in Q1, it fell by 21.6%. As a result, the TSX benchmark ended the first half of 2020 with 9.1% losses.

While most businesses remain badly affected due to the ongoing global pandemic, the sell-off in some stocks seems to be overdone. It implies that these oversold stocks are on sale at the moment, as they look really cheap.

Let's take a closer look at two such stocks from the energy sector that you can buy right now. I believe these stocks have amazing future growth potential and can yield excellent positive returns in the long term.

TC Energy stock

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a Calgary-based energy company and is considered one of the top energy companies in North America. Until May 2019, the company was known as TransCanada. TC Energy makes most of its revenue from its large network of natural gas pipelines across North America. In 2019, the company's remaining 4% of revenue came from the power and storage segment.

Due to COVID-19-related uncertainties, most companies have already withdrawn their 2020 guidance. Nonetheless, TC Energy [expects](#) its 2020 operating and financial performance to be on par with its record financial performance in 2019.

In Q1, it reported \$3.4 billion revenue — down 2% YoY (year over year) but up by 4.8% sequentially. Nonetheless, its bottom line improved by 13.4% YoY during the same quarter. Also, TC Energy's adjusted net profit margin expanded to 32.5% in Q1 this year from 28.3% a year ago.

In the first half of 2020, its stock fell by 16.1%, and it currently trades at \$58 per share. I expect its stock to outperform the broader market by a wide margin in the long term. TC Energy has a solid 5.5% dividend yield.

Enbridge stock

If you're looking for a bigger company than TC Energy to invest in the energy sector, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) could be the right choice for you. Enbridge is an energy transportation company, also based in Calgary. The company currently has a market cap of about \$83.6 billion — much bigger as compared to TC Energy's \$54.4 billion.

Enbridge makes most of its revenues from energy services and liquids pipelines. These two segments combined accounted for nearly 79% of its total revenue in 2019. Geographically, nearly 60% of its total revenue came from the U.S., while the remaining 40% from its home country.

The company's 2020 [earnings are expected to decline](#) due to the pandemic's negative impact on some of its business segments. Nonetheless, Enbridge expects its utility business segment to remain untouched by the pandemic. I find the long-term growth prospects of its overall business and its strong profitability attractive.

It currently has a dividend yield of about 8% — much higher as compared to TC Energy. Enbridge stock fell by 20% in the first half this year.

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Date

2025/08/28

Date Created

2020/07/01

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