2 Top Canadian Stocks to Buy Now

Description

Keyera (TSX:KEY) and **Newmont** (TSX:NGT)(NYSE:NEM) are two great Canadian stocks to buy now. Keyera is an energy stock that will pay you a high and regular dividend. Newmont is a gold stock that will bring some diversification to your portfolio and hedges it against inflation. Let's look at these two Canadian stocks in more detail.

Keyera

Keyera is an integrated Canadian midstream energy company that provides essential services to oil and gas producers in the Western Canadian Sedimentary Basin. It focuses on the transportation and distribution of natural gas and natural gas liquids (NGLs). The Calgary-based company operates through three business segments: gathering and processing, liquids infrastructure, and marketing. Keyera has built a reputation as an expert in operating complex energy processing facilities in a safe and responsible manner.

What makes this midstream company one of the most attractive is that it focuses on the natural gas and NGLs sector. As coal is replaced as a means of generating electricity around the world, and the global demand for electricity continues to grow, natural gas will only increase in importance for the foreseeable future.

Keyera has low debt levels, a large pipeline of growth projects, and stable and recurring cash flows. Keyera is trading at attractive levels for long-term investors who rightfully don't expect the demand for hydrocarbons to end or subside anytime soon. The stock forward P/E ratio is 13.

Keyera pays a monthly dividend of $0.16 per share. The dividend yield is 9.4%. While this is a high yield, it is sustainable. According to its Q2 2020 quarterly report, Keyera had discounted cash flows of about $157 million with a total dividend paid of around $106 million for a payout rate of 67%. Keep in mind that this is also during the worst oil and gas demand shock in recent history. Therefore, its dividend looks very secure at the moment.

Newmont

Despite rising more than 40% from the lows in March of this year, Newmont stock still has considerable upside potential. The stock has been able to beat the wider market over the past seven months due to a sharp rise in gold prices during the current pandemic, which has been beneficial for Newmont, as 94% of its revenue comes from the yellow metal.

A slowdown in economic and industrial activities and expectations of a global recession, following the coronavirus outbreak this year, has increased the value of gold as a hedging instrument.

Global gold prices hit their all-time high during the current crisis. They have risen from around $1,500/ounce at the start of 2020 to over $1,900/ounce currently due to increased demand. With the increase in investments in the yellow metal by the main central banks and expectations of lower interest rates, gold prices have already seen a sharp rise in 2019. This trend has been further reinforced by the COVID-19 crisis. This was reflected in the company’s first-half-2020 results, where Newmont’s revenue grew 22% year over year.

Gold prices are expected to remain at such high levels due to bleak near-term economic prospects. Rising gold prices and shipments are likely to lead to a 15% increase in the company’s total revenue.

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