



3 Top TSX Energy Stocks to Research

Description

Energy stocks are struggling this year due to the COVID-19 pandemic. The demand for oil fell along with travel restrictions. Until a vaccine comes out, we don't know when — or if — oil demand will rebound.

If you want to buy energy stocks for your Tax-Free Savings Account (TFSA) or RRSP, you might want to hold off for a bit. Nevertheless, here are three top **TSX** energy stocks to research.

TC Energy: A good energy stock to buy?

TC Energy ([TSX:TRP](#)) fell to \$47.05 during the March market sell-off from a 52-week high of \$76.58. At the time of writing, investors are trading the stock for \$56.53 per share. The annual dividend yield is great at 5.75%.

TC Energy builds natural gas pipelines and power plants throughout North America. The energy company earns about 95% of its EBITDA through long-term contracts. Thus, TC Energy is a fairly safe energy asset to own.

One of the biggest risks in owning an energy stock in your portfolio is volatility in oil prices. Geopolitics surrounding oil production like the price war between Saudi Arabia and Russia earlier this year can seriously impact share prices. Taking into account the percent of revenue earned from long-term contracts when making investment decisions can help you guard against this risk.

TC Energy's CEO Russ Girling plans to increase the percent of revenue originating from long-term and regulated contracts in the future:

"Once completed, approximately 98% of the Company's EBITDA is expected to come from regulated and/or long-term contracted assets. Success in advancing these and other organic growth opportunities emanating from our five operating businesses across North America is expected to support annual dividend growth of eight to 10 per cent in 2021 and

five to seven per cent thereafter in this historically low-interest rate environment.”

Therefore, this might actually be a good [stock to buy](#) on the **TSX**.

Pembina Pipeline: A strong 8% dividend yield

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) fell to \$15.27 during the March market sell-off from a 52-week high of \$53.79. At the time of writing, investors are trading the stock for \$31.33 per share. The annual dividend yield is spectacular at 8.01%.

Pembina Pipeline transports and stores oil and natural gas liquids. The energy company announced its third quarter of 2020 financial results on November 5. Pembina earnings declined by 14% to \$318 million.

Low global energy demand and weaker profit margins led to a decline in earnings. The COVID-19 pandemic particularly impacted the firm’s marketing and new ventures segment. While true, the dividend yield is fantastic.

Luckily, the acquisition of Kinder Morgan Canada positively affected Pembina’s financial results. Still, this might be one stock that you are better off avoiding for a time. Try putting it on your watch list and waiting for the smoke to clear instead.

Inter Pipeline: An energy stock to watch on the TSX

Inter Pipeline (TSX:IPL) fell to \$5.35 during the March market sell-off from a 52-week high of \$22.88. At the time of writing, investors are trading the stock for \$12.52 per share. The annual dividend yield is decent at 3.81%.

Inter Pipeline is a global petroleum and natural gas processing, transport, and storage company in Canada and Europe. Inter Pipeline reported third quarter of 2020 earnings on November 12.

Christian Bayle, CEO of Inter Pipeline, commented on the firm’s performance during the third quarter:

“Inter Pipeline’s core operations performed well in the third quarter of 2020 and we continue to demonstrate our financial resiliency as we manage through this pandemic. We also continued to advance the construction of Heartland Petrochemical Complex and announced significant transactions that improve our asset portfolio and financial flexibility.”

Revenue increased to \$632.9 million from \$590.8 million in the same quarter last year. Despite this, revenue is still down for the last nine months from \$1.891 billion in 2019 to \$1.776 billion.

It appears that Inter Pipeline has a good strategy to overcome the industry’s struggles during the COVID-19 pandemic. If you are interested in buying this stock, it might be better to just keep it on your [watch list](#) for a while.

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TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)
3. TSX:TRP (TC Energy Corporation)

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