



## Suncor (TSX:SU) vs. Enbridge (TSX:ENB): Which Energy Heavyweight Should You Buy Today?

### Description

Canada is still heavily reliant on its oil and gas sector. The COVID-19 pandemic hammered prices in this space and cratered demand. These issues were exacerbated by conflicts within OPEC, which are still ongoing. Fortunately, oil and gas prices have continued to build momentum into the early part of 2021. This is good news for Canada's energy giants. Today, I want to compare and contrast two heavyweights: **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) and **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). Which is the better buy right now? Let's dive in and find out.

### The case for Suncor stock in early January

Suncor is a Calgary-based integrated energy company that specializes in production of synthetic crude from oil sands. Its shares have climbed 8.3% in 2020 as of close on January 5. The stock is down 43% year over year. Investors can expect to see Suncor's fourth-quarter and full-year 2020 results in early February. Back in the spring of 2020, I'd suggested that investors should bet on Suncor, as it was still receiving a [vote of confidence](#) from Warren Buffett.

The company saw funds from operations rise to \$1.66 billion or \$0.76 per share — up from \$488 million or \$0.32 per share in the previous quarter. Total upstream production fell in the quarter, as Suncor tweaked its operations in the face of the pandemic. Suncor is poised to build on its third-quarter improvement, as we look ahead to Q4.

Shares of Suncor last possesses a favourable price-to-book value of 0.9. Suncor previously reduced its quarterly dividend payout to \$0.21 per share. That represents a 3.6% yield.

### Why Enbridge is still setting the standard

Enbridge is the second heavyweight energy stock I want to zero in on today. This is the largest energy infrastructure company in North America. Back in May, I'd suggested that Canadian investors should consider [scooping up Enbridge](#) at a discount. Its shares have increased 9.9% over the past three

months as of close on January 5.

Investors can expect to see Enbridge's fourth-quarter and full-year 2020 results by the middle of February. Unlike Suncor, Enbridge has continued to put together strong earnings in the face of the COVID-19 pandemic. In Q3 2020, Enbridge reported growth in all its core businesses. Leadership expects the company to generate DCF per share between 5% and 7% through 2022. This will support its dividend payout and debt requirements.

Shares of Enbridge last possessed a solid P/B value of 1.5. The stock last paid out a quarterly dividend of \$0.835 per share. That represents a monster 7.9% yield. Moreover, the company has delivered dividend growth for over two straight decades.

## Verdict: Should you buy Suncor or Enbridge today?

Suncor's improvement in Q3 2020 was encouraging, especially as oil and gas price rebound in late 2020 and early 2021. However, I'm sticking with the dividend beast that is Enbridge today. Enbridge stock still possesses solid value, it is stable with a stellar history, and it offers a tasty dividend payout.

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ENB (Enbridge Inc.)
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### Date

2025/09/09

### Date Created

2021/01/06

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