Got $1,000? 2 High-Yield Energy Stocks to Buy Right Now

Description

Despite the continued increase in coronavirus cases worldwide, I remain upbeat on the prospects of energy companies. I believe the economic expansion, continued demand, and higher pricing are likely to support energy stocks in 2021 and beyond. Apart from the appreciation stock price, a few **TSX**-listed companies are likely to enhance their shareholders' returns through regular dividend payments. Here we'll focus on two such top energy stocks that are likely to deliver growth and income for their investors in the long term.

So if you got $1,000 to invest, consider buying these high-yield dividend-paying energy stocks now.

TC Energy

TC Energy's (TSX:TRP)(NYSE:TRP) low-risk and high-quality assets remain immune to the economic cycles. The company consistently delivers solid earnings and cash flows that drive its stock and supports higher dividend payments. Notably, TC Energy generates about 95% of its adjusted EBITDA from assets that are either regulated or are backed by long-term contracts, implying that investors could expect the company to consistently deliver healthy growth in the coming years.

Apart from the strength in its base business, TC Energy's $20 billion secured capital program and robust developmental portfolio suggest that the company could continue to hike its dividends at a decent pace. Its dividends increased by about 7% annually since 2000, and the company projects its future dividends to grow by 5-7% annually, which reflects the strength of its earnings and cash flows.

With its high-quality and diversified assets, strong financial position, growing dividend, and expected growth in each of its business lines, TC Energy is a solid investment for the long term. It offers a high yield of 5.8% at current price levels.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a must-have stock in your portfolio. While improving energy outlook is likely to drive Enbridge stock higher, its ability to generate robust cash flows suggests that it could continue to boost its shareholders' returns through increased dividend payments.

With the reopening of the economy, Enbridge's mainline volumes are expected to improve and support its financials. Meanwhile, continued strength in its core business suggests that Enbridge is likely to generate strong distributable cash flows (DCF) in the future, which could drive its dividends. Enbridge's conventional and renewable energy sources, diverse cash flow streams, and $16 billion secured capital program indicate that the company is set to deliver strong returns in the coming years.

Meanwhile, Enbridge has consistently increased its dividends for 26 years and uninterruptedly paid it for over 66 years. I believe, with continued momentum in its core business and recovery in mainline volumes, Enbridge could continue to increase its dividends at a decent pace. Furthermore, Enbridge projects its DCF per share to increase by 5-7% annually in the future years, indicating that investors could expect it to hike its dividends at a similar rate. Currently, the energy infrastructure company offers a high yield of 7.2%.

Bottom line

Notably, both TC Energy and Enbridge own low-risk and diversified energy infrastructure assets and are likely to deliver stellar returns. I believe the recovery in demand and their ability to generate resilient and robust cash flows positions them well to deliver strong shareholders' returns.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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2. NYSE:TRP (Tc Energy)
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