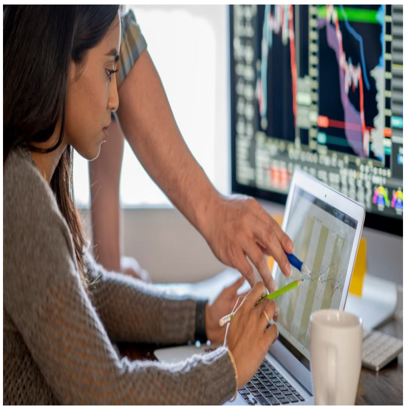

3 Top Canadian Stocks to Buy Right Now and Hold for Decades

Description

Investors can still find top Canadian stocks that appear undervalued and should deliver great returns for years.

Why Enbridge stock looks attractive today

Enbridge (TSX:ENB)(NYSE:ENB) is a giant in the North American energy infrastructure industry.

The sector took a hit last year as a drop in fuel demand reduced throughput across oil pipelines connecting producers to refineries. A sharp rebound in the price of oil over the past six months, however, has revived the energy industry.

Looking ahead, commuters will begin heading back to offices in the coming months and airlines in the United States are starting to hire again ahead of strong anticipated demand for travel. This bodes well for gasoline and jet fuel producers who use Enbridge's services to get their feedstock.

Enbridge has a strong track record of dividend growth. The trend should continue in line with anticipated increases in distributable cash flow of 5-7% per year. At the time of writing the stock appears cheap and provides a 6.9% yield.

A top Canadian stock that still looks oversold

Suncor (TSX:SU) (NYSE:SU) traded for more than $40 per share in early 2020 when West Texas Intermediate (WTI) was about US$60 per barrel. Today, WTI oil is US$66, but Suncor still trades below $28 per share.

The company just reported solid Q1 2021 results that demonstrate the impact the rise in oil prices is having on margins and earnings. With fuel demand expected to surge in the second half of 2021 and through 2022, Suncor's refining and retail businesses units should rebound.

The board is using excess cash flow to reduce debt and buy back shares this year. Investors could see dividend hikes resume in 2022. Suncor cut the payout by 55% last year to preserve cash. The existing distribution provides a 3% yield.

Suncor stock looks cheap today despite the nice rally from the lows last fall. A steady climb to $35 wouldn't be a surprise by the end of the year and a run to $45 in 2022 is certainly possible if oil prices top US$75 as expected.

Pembina Pipeline stock has room to run

Pembina Pipeline (TSX:PPL)(NYSE:PBA) provides a wide array of midstream services to Canadian energy companies. The business has grown steadily over the past 65 years through strategic acquisitions and organic projects. Pembina Pipeline's stock took a big hit in the early part of the pandemic, but has recovered nicely.

That said, more upside should be on the way. The energy sector is on the mend and Pembina Pipeline has a strong portfolio of projects to drive revenue and cash flow growth in the coming years. The stock trades near $39 per share compared to $53 before the 2020 market crash. Investors who buy now can still pick up a 6.5% dividend yield.

The bottom line on top Canadian stocks

Energy stocks remain out of favour despite strong tailwinds that should continue for the next few years. Suncor, Enbridge, and Pembina Pipeline are top companies in their segments and look cheap in an expensive market. New investors can pick up decent dividends and simply wait for the share prices to drift higher as funds rotate back to the energy sector.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:PPL (Pembina Pipeline Corporation)
6. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred

5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Energy Stocks
2. Investing

Date
2025/08/28
Date Created
2021/05/06
Author
aswalker