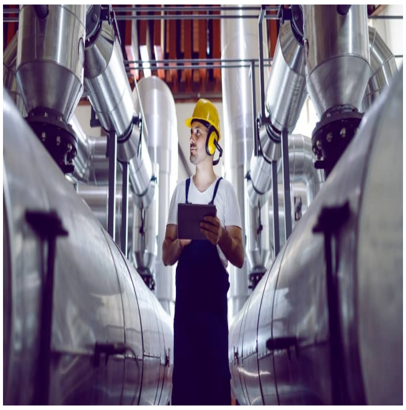

Enbridge vs. Suncor: Which Is the Better Buy Today?

Description

Oil and gas prices have gained considerable momentum in 2021 on the back of a global economic rebound. The price of WTI crude was trading just below the US$67 mark as of late-morning trading on May 28. Meanwhile, Western Canadian Select was priced just below $52 a barrel. It is not too late for investors to target top energy stocks in this environment. Today, I want to look at Canadian heavyweights **Enbridge** (TSX:ENB)(NYSE:ENB) and **Suncor** (TSX:SU)(NYSE:SU). Which is the better buy? Let's jump in.

Why Enbridge is the ultimate dividend-heavyweight stock

Enbridge (TSX:ENB)(NYSE:ENB) is an energy infrastructure giant that is currently facing a regulatory battle regarding its Line 5 pipeline in Michigan. Shares of Enbridge have climbed 14% in 2021 at the time of this writing. Earlier this month, I'd discussed why I was still bullish on Enbridge.

The company released its first-quarter 2021 results on May 7. GAAP earnings in the first quarter came in at $1.9 billion, or $0.94 per common share — up from $1.4 billion, or $0.71 per common share, in the prior year. Enbridge reaffirmed its 2021 full-year guidance range of EBITDA of $13.9 billion to $14.3 billion and distributable cash flow (DCF) per share between $4.70 to $5.00.

Shares of Enbridge possess a favourable price-to-earnings (P/E) ratio of 14, putting it in solid value territory. It last paid out a quarterly dividend of $0.835 per share. That represents a tasty 7.1% yield.

Here's why Suncor is on a roll in 2021

Suncor (TSX:SU)(NYSE:SU) is another top energy stock I've been bullish on in the spring of 2021. Its shares have increased 30% in 2021 as of early afternoon trading on May 28. The stock is up 15% from the prior year.

Investors got a look at its Q1 2021 results on May 3. The company's total upstream production rose to 785,900 barrels of oil equivalent per day — up from 739,800 boe/d in Q1 2020. Oil sands operating costs per barrel dropped 20% to $23.30. Meanwhile, Syncrude cash operating costs per barrel fell by roughly 10%.

Funds from operations climbed to $2.11 billion, or $1.39 per common share, compared to $1.00 billion, or $0.66 per common share, in the first quarter of 2020. Suncor and its peers were hit hard by the COVID-19 pandemic. Fortunately, the vaccine rollout has led to an economic rebound across the developed world. Oil and gas demand are on the up and up, which is great news for this top energy firm.

Suncor is looking to bolster its profitability after a tough year, which has put its P/E ratio way out of whack. It offers a quarterly dividend of $0.21 per share, representing a 3% yield. A return to form should lead the company to revisit its downgraded dividend in the quarters to come.

Which stock is the better buy right now?

The rebound in oil prices has had a positive impact on Suncor's stock trajectory in recent months. However, Enbridge has proven very reliable, and it boasts a hefty dividend. I like both stocks, but I'm more inclined to stash the more defensive option in Enbridge today.

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