Crude Hits 2.5-Year High: Buy These 2 High-Yield Energy Stocks

Description

Income investors' buy lists in June 2021 should include high-yield energy stocks. The sector (+48.77%) leads the TSX's rally (+14.8%), as oil continues to advance on demand prospects. In late May 2021, crude rose to a two-and-a-half-year high, prompting Michael Currie, vice-president and investment adviser at **TD** Wealth, to say, "Canada keeps going up and up."

Currie added, "After so many years and long stretches of being the underdogs to the States, it's nice to see us beating them for a change." On June 1, 2021, oil prices hit a 15-month high, with Brent crude trading above US$71. The Organization of the Petroleum Exporting Countries (OPEC) and its allies plan to go ahead with a slow easing of supply curbs.

With the recent developments, the TSX's energy sector is booming. Now is the best time to power up dividend portfolios with high-yield stocks. **Keyera** (TSX:KEY) and **Gibson Energy** (TSX:GEI) outperform the broader market and pay mouth-watering dividends. Prospective investors should also benefit from the potential price appreciation.

Returning stability

Last year was full of uncertainty due to the global pandemic and negative crude oil prices. Despite the massive headwinds, Keyera maintained a strong balance sheet, remained resilient, and capped 2020 with a record annual distributable cash flow. In Q1 2021, the picture has improved tremendously, notwithstanding flat net earnings from Q1 2020.

Keyera's Gathering and Processing segment saw increased drilling activity and volumes from customers during the quarter. The gas processing throughput at its Pipestone and Wapiti gas plants posted new highs. Also, it was a new quarterly record for the operating margin in the Liquids Infrastructure segment. Meanwhile, oil sands production continues to ramp up.

At $31.33 per share, Keyera's dividend offer is 6.13%. Unlike most income stocks, this $6.92 billion energy infrastructure company stock pays monthly dividends, not quarterly. Your money should compound faster, because you can reinvest dividends eight times more in a year. Better months are ahead for oil and gas players.

Oil-focused infra company

Gibson Energy is a significant industry participant, as it produces 25% of oil in Western Canada. This $3.45 billion oil infrastructure company stores, processes, and gathers crude oil and refined products. Likewise, it offers a full suite of marketing services to producers. You can purchase the dividend stock at $24.20 per share to partake of the hefty 5.94% dividend.

Last year was also pivotal for Gibson that operates almost 14 million barrels of storage and more than 500 kilometres of crude pipelines. For the full year 2020, revenue and net income dropped 32.7% and 31.2%. Nonetheless, the company showed resiliency.

Gibson's president and CEO Steve Spaulding said, "Despite the challenges of COVID-19, we continued to grow our Infrastructure cash flows." He also mentioned that management did not have to rely on variable businesses to fund dividends and Gibson's capital program because of its long-term focus and stable infrastructure cash flows.

The stock should do better in 2021 due to recent strategic developments. Gibson signed a long-term agreement with **Suncor Energy** for services at the Edmonton Terminal. Spaulding believes the solid start to 2021 is a positive sign for the business.

New high

The TSX is off to a rousing start on June 1, 2021, as it climbed past 20,000 at one point during trading. Canada's primary stock market index might end the first week of the month at a new high.

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2. TSX:KEY (Keyera Corp.)

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cliew