



The 3 Top TSX Energy Stocks to Buy in July 2021

Description

Top Canadian energy stocks have recovered sharply and delivered exceptional returns in the recent past. Moreover, I expect the energy companies to continue to be in the limelight, as the stellar recovery in crude oil prices, an uptick in energy demand, and steady economic improvement provide a solid underpinning for growth.

With improving industry fundamentals and revival in demand, I have shortlisted the three TSX energy stocks that could outpace the benchmark index by a wide margin and deliver solid shareholder returns in 2021 and beyond. Moreover, these stocks are trading cheap and are available for under \$50.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) stock has gained over 41% this year, reflecting a steep rise in crude prices and improved energy demand. Furthermore, I expect Suncor stock to continue to [trend higher](#) and deliver outsized growth in the coming years.

I expect Suncor to deliver solid financial and operating performance, reflecting higher demand for crude and hydrocarbons, favourable revenue mix, and higher prices. Its integrated assets, higher production volumes, cost optimization, and focus on reducing debt bodes well for future growth. Besides stock price appreciation, Suncor could continue to reward its shareholders through regular dividend payments and share buybacks. It pays a quarterly dividend of \$0.21 a share, translating into a yield of over 2.8%.

Notably, Suncor stock continues to trade well below its pre-COVID levels, making it an attractive pick at current levels. Overall, Suncor Energy is a solid long-term pick for investors seeking value, growth, and income.

Pembina Pipeline

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) is another attractive long-term bet in the energy space. It has all the ingredients to deliver solid growth and boost its shareholders' returns through higher dividend payments. I believe its highly contracted business, revival in energy demand, exposure to

diverse commodities, higher volumes, and improved pricing will likely drive its profits and cash flows in the long run.

Furthermore, the acquisition of **Inter Pipeline** is likely to generate significant synergies and further accelerate its growth rate. Meanwhile, operating efficiencies and newly secured growth projects augur well for future growth.

Notably, the company has been uninterruptedly paying a regular dividend since 1997 and offers a high yield of 6.4%. It has also increased its annual dividend by about 5% in the last 10 years. Further, Pembina Pipeline's payouts are safe and sustainable thanks to its contractual framework and stable fee-based cash flows. Pembina Pipeline stock has gained over 35% this year, and the momentum is likely to continue. Its valuation is still within reach as it trades at lower multiples than peers.

Enbridge

Speaking of top energy companies, consider adding **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) stock to your portfolio for [stable income](#) and growth. Notably, Enbridge has diverse revenue streams and high-quality assets that are backed by a contractual framework and deliver robust cash flows.

I believe the continued strength in Enbridge's core business, diversified cash flows, and recovery in mainline volumes could continue to drive its financials and, in turn, its stock price. Moreover, its multi-billion-dollar secured capital growth program, momentum in the gas business, solid growth opportunities in the renewable segment, and cost efficiencies further strengthen my optimism.

Enbridge has also paid a regular dividend for over 66 years and raised it annually by 10% in the last 26 years in a row. Moreover, the energy giant projects to deliver an average total shareholder return of 13% in the coming years and offers a high yield of 6.7%.

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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.)

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