



The 4 Top TSX Energy Stocks to Buy in August 2021

Description

Thanks to the improving demand and higher price realizations, Canadian energy stocks have recovered sharply from their pandemic lows. Despite the recent run, I expect the uptrend in energy stocks to sustain, reflecting an improved operating environment, higher economic activities, and increased commodity prices.

With the favourable industry trends, I have shortlisted four TSX energy stocks that have witnessed strong buying in the recent past and could continue to outpace the benchmark index by a considerable margin in the coming years.

Suncor Energy

A steep rise in crude prices and revival in energy demand pushed **Suncor Energy's** ([TSX:SU](#))([NYSE:SU](#)) stock price higher and boosted its [financials](#). Its earnings and funds from operations significantly improved in the most recent quarter. Further, higher cash generation has led the company to accelerate share repurchases and pay regular dividends.

Looking ahead, I expect Suncor to deliver solid financials on the back of higher energy demand, a favourable revenue mix, and increased prices for crude and hydrocarbons. Meanwhile, its integrated assets, higher production volumes, lower debt, and cost optimization bode well for future growth. Suncor stock is trading significantly below its pre-COVID levels and is an attractive investment option at current price levels. Furthermore, Suncor is also likely to boost its shareholders' returns through share buybacks and dividend payouts.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is another top stock in the energy sector that investors could add to their portfolios for stable income and growth. Notably, Enbridge's diverse revenue streams and high-quality contractual assets have driven its financial performance and led the company to reward its investors with higher dividends in the last 26 years in a row.

I believe the continued strength in its core business, recovery in mainline volumes, and contractual arrangements position it well to deliver robust cash flows. Moreover, its multi-billion-dollar secured capital program, strong growth opportunities in the renewable business, and cost efficiencies are likely to drive its stock and higher dividend payments.

Pembina Pipeline

Investors could also consider buying **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) stock. I believe Pembina has all the ingredients to deliver strong total shareholder returns in the coming years. Notably, the company has paid [regular dividends](#) since 1997 and raised it at a CAGR of about 5% in the last 10 years. Further, Pembina Pipeline's payouts are safe thanks to its contractual framework and stable fee-based cash flows.

Its highly contracted business, recovery in energy demand, higher volumes, improved pricing, and operating efficiencies will likely drive its profitability and future cash flows. Furthermore, an uptick in economic activities, exposure to diverse commodities, and newly secured growth projects strengthen my bullish view.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is another solid bet in the energy space. It has recently delivered quarterly numbers, reflecting strength in its base business, recovery in energy demand, and benefits from the increased economic activities. Its high-quality asset base and higher utilization rate augur well for growth and adds resilience to its cash flows.

TC Energy's regulated and contracted assets generate strong cash flows, supporting higher dividend payments. It has increased dividends by a CAGR of 7% for more than two decades and projects a 5-7% growth in the future. Meanwhile, its \$21 billion secured capital program and solid project development portfolio will likely support its long-term growth.

CATEGORY

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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:SU (Suncor Energy Inc.)

4. NYSE:TRP (Tc Energy)
5. TSX:ENB (Enbridge Inc.)
6. TSX:PPL (Pembina Pipeline Corporation)
7. TSX:SU (Suncor Energy Inc.)
8. TSX:TRP (TC Energy Corporation)

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