



## Got \$1,000? 2 Dividend Stocks to Buy for a Powerful Boost

### Description

If you've ever got spare cash, it's always a good idea to turn it into a stream of perpetual passive income. Dividend stocks with robust and predictable returns are rarely a bad investment. With that in mind, here are the top two dividend stocks you should consider buying if you have \$1,000 to invest.

### Dividend stock 1: Suncor

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) was one of the best-performing stocks this year. It rallied by more than 40% and registered a new 52-week high of \$31. However, recently the stock has come under immense selling pressure.

Suncor stock was one of the beneficiaries of the boom experienced as the outlook for oil demand improved in the first half of the year. As oil prices rallied to multi-year [highs of \\$76 a barrel](#), so too did the stock edge higher. However, fundamentals in the oil market have changed significantly amid the spread of the Delta variant of COVID-19.

### Oil prices sell-off concerns

Oil prices have tanked to three-month lows near the \$60 barrel level. The sell-off has dragged stocks like Suncor too.

Suncor reducing its production forecast from the Fort Hills mine also affirms that things are not looking good in the energy industry. A production cut to the 45,000 to 55,000 barrels a day range from initial guidance of between 65,000 and 85,000 is significant.

Following the recent sell-off, Suncor is currently trading cheap with a price-to-earnings multiple of 26 and a price-to-book multiple of 0.9. Given the downbeat sentiments in the energy industry, the stock is a bargain.

Additionally, the company's 3.7% dividend yield is enticing for investors looking to generate passive income on the side. As the Delta variant subsides and oil prices recover, this dividend stock could rebound. Meanwhile, this looks like a great chance to buy the dip if you have \$1,000 to spare.

## Dividend stock 2: Tourmaline Oil

**Tourmaline Oil** ([TSX:TOU](#)) is another Canadian energy stock that's under immense pressure. However, Tourmaline seems to be performing better than Suncor. It's down just 9% from its high earlier this year. The stock has nearly doubled in value year-to-date.

Tourmaline Oil boasts of a diversified footprint in the oil and natural gas sectors. As demand for natural gas shoots up as oil prices edge lower, the company has succeeded in securing some of its key revenue streams.

In the last six months, Tourmaline Oil revenues have more than doubled, with net income totaling \$670 million in the first six months of the year. In contrast, the company posted a net loss of \$15 million in the same period last year. With demand for natural gas expected to shoot up, the company remains well-positioned to see an uptick in earnings.

## Stable dividends

Tourmaline Oil also boasts a stable 2% dividend yield. While it seems small compared to Suncor's 3.4% and **TC Energy's** 5.9%, it's the sustainability of those dividends that makes it more attractive.

The company exited the second quarter with \$343.9 million in free cash flow, leaving it in a solid position to continue paying dividends. Tourmaline Oil has already demonstrated its ability to navigate the downturn in the energy industry, with the stock up 40% compared to just 5% for Suncor year to date.

Additionally, Tourmaline Oil is relatively cheap, going by the price-to-book multiple of 0.96 and price-to-earnings multiple of 7.2. Consequently, it would be a smart play for any investors looking to profit from share price gains and stable dividends.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)
3. TSX:TOU (Tourmaline Oil Corp.)

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