



2 Energy Stocks Ready for a Comeback

Description

The number of new COVID-19 cases was rising in Canada steadily, but thankfully, the numbers are now flattening. And if we don't see another spike, this wave would be significantly milder than the second and third waves. The fear the Delta variant rekindled will probably disperse to a certain degree, and even though it *would* positively impact several sectors in the country, energy might not be one of them.

The energy sector might be influenced more by the global demand and the price of crude, which luckily is on the mend after it slumped hard in August. This has boosted the **S&P/TSX Capped Energy Index**, which has grown over 10% in the last few weeks. So consider investing in stocks that might be ready for a comeback and poised to ride the upcoming growth wave, which might (hopefully) last for months and not weeks.

The king of the sector

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is by far [the largest security](#) in the energy sector, especially if you consider the \$102 billion market capitalization. The giant moves a significant portion of energy in North America. Its impressive footprint and safe business model (and reliance on pipelines) render it one of the most coveted stocks in the energy sector.

But the primary reason for investors' deep love for this stock would be its generous dividends. Enbridge has been a Dividend Aristocrat for about 25 years, and its dividend growth is more than just a symbolic raise to retain the aristocratic status. More importantly, the energy giant has grown its dividends through two market-wide financial crises in the last two decades or so.

Currently, the company is offering a mouthwatering yield of 6.6%, and the stock is on its way up. It's a bit overvalued but well-justified for the yield.

An exploration company

Another Dividend Aristocrat from the energy sector that has offered capital growth significantly better than Enbridge in the last 12 months is **Canadian Natural Resource** ([TSX:CNQ](#))([NYSE:CNQ](#)). With a market capitalization of \$50.4 billion, CNQ is one of the largest stocks in the sector. It's a hydrocarbon exploration company with a [global footprint](#). It's most active in North America but also has offshore and on-shore presences near Africa and Europe.

CNQ has grown its payouts for two consecutive decades, giving it a dividend history that's almost as stellar as Enbridge. While the 4.4% yield is comparatively lower, it also comes with a safe and sustainable payout ratio of 52%. However, CNQ is even better poised for recovery-fuelled capital growth. It grew almost 80% in the last 12 months and could keep riding this growth wave for a long time.

Foolish takeaway

Both energy aristocrats are ideally poised for [more growth](#) unless the sector slumps in the near future. As a whole, the sector is not out of the woods yet. The climate-specific regulations and practices might be enough to make waves in the sector, and companies that have already started working on their ESG profile might see better gains than the rest of the sector.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. adamohtman
2. arosenberg

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/08/24

Date Created

2021/09/16

Author

adamothonman

default watermark

default watermark