



## Which Company's Shares Are the Best to Buy in Canada?

### Description

If you believe that only **NASDAQ** and **NYSE** have good stocks, then you need to dig deeper and look at the niches. [Investing](#) in Canada can bring you good returns if you know which company to invest in and when to buy its shares. It all begins by understanding one's strengths. NASDAQ's strength is tech stocks, NYSE's strength is exposure to global markets, while the **TSX**'s strength is oil and real estate.

### Canada's strengths

While Canada can't compete with the United States, it has some lucrative REITs that pay dividends. But one segment where Canada overtakes the United States is oil. Canada has the world's third-largest oil reserve and [accounts](#) for 48% of U.S. crude oil imports. Even Warren Buffett invested in Canada's largest oil company **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) for a brief period.

But the problem with crude oil is its high dependence on the oil price. The oil industry has been in a downtrend since the 2014 oil crisis. Major countries are promoting electric vehicles (EVs) to reduce carbon emissions. Gasoline is one of the major applications of Brent crude. As far as industry outlook, major oil companies stated that oil consumption has reached its peak and is likely to decline.

Hence, Suncor may not be the stock to buy and hold forever. Oil is a [cyclical stock](#) as demand and supply determine oil prices. The way to earn from these stocks is active investing. You should buy when the cyclical downturn ends and sell when the cyclical upturn ends — easier said than done, I realize. But guess what? Suncor is emerging from a temporary downturn after falling 20% since mid-June.

Suncor will benefit from pent-up air travel demand as jet fuel is a significant contributor to its downstream revenue. But I don't expect the stock to reach the pre-pandemic level. Still, I recommend Suncor as the company plans to increase its dividend compound annual growth rate (CAGR) by 25% through 2025. So if you ask me which company's shares are best to buy, Suncor is on my list for its dividend and recovery rally.

## One Canadian stock to buy and hold for 10 years

But Suncor is not the only stock on my best buy list. Remember I told you that Canada is the largest exporter of oil to the United States? You might wonder how it exports all that oil. The answer is railways and pipelines. But among the two, the pipeline is more cost-efficient. **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is the largest pipeline operator in North America and earns toll money for transmitting oil and natural gas.

Over the years, it has built a huge pipeline infrastructure that earns enough cash to build new pipelines and pay incremental dividends to shareholders. Suncor has a history of paying regular dividends, but it has cut dividends during downturns. It slashed dividends by 55% last year and therefore plans to compensate shareholders with 25% CAGR.

But Enbridge has lived through all crises without a dividend cut. Rather, it has increased dividend at a 10% CAGR for the last 26 years as it increases its toll rates regularly. Oil price fluctuations don't impact the pipeline operator, but oil volumes do as toll money depends on the volume transmitted.

It is becoming increasingly difficult to build pipelines as they bring environmental concerns. This might increase the project cost and maybe slow dividend growth. But Enbridge can pay dividends for the coming 10 years and even grow it by 5-7% CAGR, if not 10%.

## Foolish takeaway

Investing in Canada has its merits. The technology sector is growing gradually, with some Canadian stocks like **Shopify** and **Lightspeed** making a mark even on the NASDAQ. Even crypto is a lucrative market, and Canada offers some good options like **Hive** and **Bitfarms**.

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