TFSA Investors: Should You Buy Suncor or Enbridge Stock Today?

Description

The **S&P/TSX Composite Index** rose 157 points on September 22. Canadian stocks have been able to recoup losses from the brutal opening to the week. Canada's energy space led the way, as the sector delivered a broad increase of 3.9% on the day. Investors may be looking to beef up their Tax-Free Savings Account (TFSA) as we say goodbye to the summer. Today, I want to look at two of the top energy stocks that TFSA investors may want to consider: **Enbridge** (TSX:ENB)(NYSE:ENB) and **Suncor** (TSX:SU)(NYSE:SU). Let's dive in.

Here's why TFSA investors can count on Suncor

Suncor is one of the 25 largest companies on the TSX. This Calgary-based energy company specializes in the production of synthetic crude from oil sands. Shares of this energy stock have climbed 17% in 2021 as of close on September 22. The stock has surged 50% from the same time in 2020.

TFSA investors can take advantage of this capital growth while also relying on Suncor's quarterly dividend. Suncor unveiled its second-quarter 2021 results on July 29. It delivered profit of $868 million on the back of a strong increase in oil output. Indeed, the oil and gas sector has put together strong momentum, as consumer demand ramped up in late 2020 and early 2021. Suncor said that fuel demand showed signs of a rebound in the second quarter but was still below pre-COVID levels.

Enbridge is the safe pick if you are on the hunt for income

Enbridge is the sixth-largest stock on the TSX by market cap. The energy infrastructure giant has been an extremely reliable option for investors over the last quarter-century. Shares of this energy stock have climbed 23% in 2021 as of close on September 22. It unveiled its second-quarter 2021 earnings on July 30.

In the quarter, Enbridge announced that its Line 3 pipeline replacement was on track to be in service by the end of the year. This would resolve what has been a long saga for the company, as it has battled U.S. regulators. Beyond that, the company delivered revenue growth of 38% in Q2 2021 to $10.9 billion. Meanwhile, adjusted profits came in at $1.36 billion, or $0.67 per share — up from $1.13 billion, or $0.56 per share, in the second quarter of 2020.

Enbridge bolstered its financial guidance, which should give greater reassurance to investors. Canadians looking for an income-yielding equity for their TFSA can own a top option in Enbridge. It has delivered 25 consecutive years of dividend growth. Enbridge last paid out a quarterly dividend of $0.835 per share. That represents a tasty 6.6% yield.

Which is the better buy today?

Suncor possesses a favourable price-to-earnings (P/E) ratio of 25. TFSA investors can also count on its quarterly dividend of $0.21 per share, which represents a 3.3% yield. Meanwhile, shares of Enbridge last had an attractive P/E ratio of 16. Right now, Enbridge is my preferred energy stock for its enviable value and income offering at the time of this writing. This is a stock that can churn out steady tax-free dividend payments for the long term.

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