3 Under-$50 TSX Energy Stocks to Buy Today

Description

Despite the virus in the background, the energy sector is looking attractive and worth investing in. Improving operating environment, increased economic activities, and higher price realizations indicate that energy companies will deliver strong financial and operating performances, which will support the uptrend in their stock price.

With a favourable macro outlook, let's look at three stocks in the energy sector that could outpace the benchmark index. I'll focus on energy stocks priced below $50.

Suncor Energy

With improving volumes, higher demand, and increased crude prices, **Suncor Energy** (TSX:SU)(NYSE:SU) stock is a solid bet for investors to play the recovery in the energy sector. The positive secular industry trends and a steep rise in crude oil prices are likely to boost its funds flows from operations and drive its stock price higher.

Meanwhile, its integrated assets, rise in production volumes, increased utilization, and favourable revenue mix provide a solid foundation for growth. Furthermore, its strategic initiatives, including lowering operating costs and reducing debt position it well to deliver strong earnings in the coming years.

Thanks to its solid cash flow generation abilities, Suncor is likely to continue to pay regular dividends and boost shareholders' returns through buybacks. Suncor currently offers a dividend yield of 2.9%.

Pembina Pipeline

Next up are the shares of the energy infrastructure company **Pembina Pipeline** (TSX:PPL)(NYSE:PBA). Trading below $50, Pembina stock has witnessed strong buying in the recent past due to the recovery in demand and higher average commodity prices. I expect the momentum to sustain owing to the favourable industry trends.

I believe Pembina's higher volumes, increased price realizations, and operating efficiencies will likely drive its financials and support its future cash flows. Meanwhile, Pembina's highly contracted and diversified asset base, new growth projects, and strong backlogs augur well for growth.

Notably, Pembina Pipeline has consistently rewarded its shareholders with a monthly dividend and currently offers a stellar dividend yield of 6.1%. Further, it has raised annual dividends by about 5% in the last decade. I expect its contractual framework to drive its fee-based distributable cash flows in the future, indicating its dividend payout is safe and sustainable in the long run.

Canadian Natural Resources

Shares of **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) have gained over 133% in one year, thanks to the steep rise in commodity prices due to the economic reopening. Meanwhile, it has rewarded its shareholders with attractive quarterly dividends. Currently, it pays a quarterly dividend of $0.47 per share, translating into a healthy dividend yield of about 3.8%.

I expect the increase in natural gas production and higher average prices could continue to drive its financials and, in turn, its stock. Meanwhile, its robust business model and opportunistic acquisitions will likely support its growth.

Canadian Natural Resources has a robust balance sheet and generates solid cash flows. Further, its focus on debt reduction bodes well for growth. Notably, the company has raised its capital budget for 2021 to invest in future growth opportunities, which is encouraging.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:PPL (Pembina Pipeline Corporation)
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