



This Canadian Energy Stock Just Doubled its Dividend: Time to Double Down

Description

Finding top-notch [dividend stocks](#) in this market is certainly a task worth pursuing. Investors looking for yield have generally found equities to be a better bet. Given where bond yields are right now, this makes sense. And in Canada, there's one energy stock that's starting to look like a great income option for long-term investors.

The energy stock on my radar in this regard right now is **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). Let's dive into why Suncor could be a top portfolio holding for income investors right now.

Suncor doubles dividend as it continues ramping up production

Given where energy prices are right now, oil and gas producers like Suncor are rightly ramping up production. In the case of Suncor, this company has worked hard to add production capacity right now. This move has certainly paid off in the form of stellar earnings.

This past quarter, Suncor reported earnings of \$0.71 per share. This amounted to \$1.04 billion, and impressive improvement from the \$338 million loss reported during the same quarter last year.

Indeed, what a difference a year can make. Commodity price pressures last year have turned into a full on raging bull market in commodities. This has resulted in impressive cash flow generation for Suncor, formerly a beaten-down energy stock.

Accordingly, Suncor has chosen to return a significant amount of value back to shareholders. The company announced a massive dividend raise to \$0.42 per share on this earnings report. This brings the company's dividend payout back to 2019 levels and reassures investors that everything's once again right in the world.

The company also announced an impressive share-buy-back program. According to the company's release, up to 7% of the outstanding shares of Suncor stock could be bought back by early February. This move has been accelerated due to the fact that Suncor has approached its debt-reduction target.

Bottom line on this energy stock

These recent earnings highlight the value of having a diversified portfolio in today's market. Indeed, commodities have underperformed since 2014, with many investors choosing to reduce exposure to zero. However, value investors who'd bought the dip last year have been rewarded, as energy stocks such as Suncor soared faster than many tech names over the past year.

Will this continue? Time will tell. However, Suncor is one energy stock that certainly looks like a great pick for income investors right now. This company's [5.2% yield](#) is very attractive, relative to where bond yields sit right now.

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2. Energy Stocks
3. Investing

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