



2 Top TSX Dividend Stocks to Buy in December

Description

The market pullback is finally giving TFSA and RRSP investors a chance to buy top TSX dividend stocks at attractive or even [undervalued](#) prices.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) trades near \$59 per share compared to its 2021 high above \$68. Investors who buy the stock at this level can pick up a solid 5.9% dividend yield.

The share price is down in step with a broader dip in the energy sector. Uncertainty surrounding its Coastal GasLink project is also putting pressure on the stock. TC Energy recently announced it is committing \$3.3 billion in extra funds to finance the pipeline that will bring natural gas from northeastern British Columbia to a liquified natural gas (LNG) facility on the B.C. coast. The project is seeing costs soar due to pandemic-related delays and protests. TC Energy is in discussions with LNG Canada regarding recognition of certain costs and the schedule impacts.

The issues will eventually get resolved and Coastal GasLink expects the added costs to be covered in toll rates when the project is completed.

TC Energy has a \$29 billion secured capital program on the go that will drive annual average EBITDA growth of 5% over the next five years. The company intends to raise the dividend by 3-5% per year.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) trades near \$30 per share at the time of writing compared to the recent high of \$34. The stock now provides a 5.5% dividend yield.

Suncor raised its dividend by 100% when it announced its Q3 2021 earnings. The business saw a sharp reversal of fortunes in the past year, as oil prices rallied and fuel demand recovered. The company used the windfall to aggressively pay down debt in 2021 and will finish the year with a debt

level that was originally targeted for 2025.

Suncor is also buying back up to 7% of its outstanding stock under the current share-repurchase program. This gives the remaining investors a larger piece of the pie.

Fuel demand should recover to 2019 levels in 2022 and the global economic recovery is expected to drive additional demand growth. Industry-wide cuts to exploration and development in 2020 and 2021 could result in tight market supplies in the next few years. WTI is down to US\$66 per barrel from the 2021 high around US\$85 but could quickly move back to US\$80 in the coming months.

The emergence of the Omicron variant could slow down the recovery in fuel demand if travel restrictions expand in the coming weeks and months and companies delay their return to the office until the middle of next year. As such, near-term volatility should be expected in the price of oil.

That being said, investors who buy Suncor now can pick up a great dividend yield and get paid well to ride out the turbulence.

The bottom line on top TSX dividend stocks to buy now

TC Energy and Suncor look oversold at their current levels and offer attractive dividends with above-average yields. If you have some cash to put to work, these stocks deserve to be on your radar today.

CATEGORY

1. Dividend Stocks
2. Investing

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Author

aswalker

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