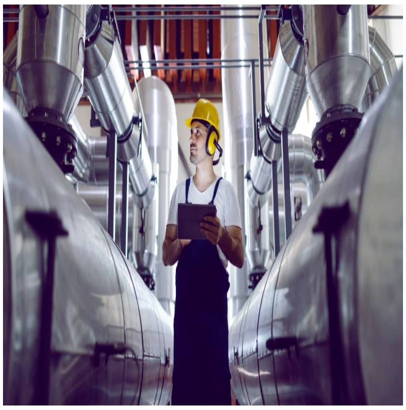

Enbridge vs. Suncor: Which Energy Stock Is the Better Buy Before Christmas?

Description

Canada's energy sector has been on a tear since the beginning of 2021. The domestic and global recovery led to improved demand in the oil and gas sector. However, tight supply kept prices very high. This has been a drag for consumers, but oil and gas producers have thrived. Today, I want to look at two top Canadian energy stocks: **Suncor** (TSX:SU)(NYSE:SU) and **Enbridge** (TSX:ENB)(NYSE:ENB). Which is the better buy before the new year? Let's jump in.

Why Suncor looks like the better bet before the new year

Earlier this month, I'd recommended Suncor as a top energy stock to snatch up before the holidays. Shares of Suncor have climbed 41% in 2021 as of close on December 16. The stock has slipped 6% in the month-over-month period.

Suncor released its third-quarter 2021 earnings on October 27. The company was powered by improved results in the Refining & Marketing business. Moreover, it reported a strong turnaround at Oil Sand Base. Funds from operations increased to $2.64 billion, or $1.79 per common share — up from $1.16 billion, or $0.76 per common share, in the previous year. The company posted upstream production of 698,600 barrels of oil equivalent per day (boe/d) compared to 616,200 boe/d in Q3 2020.

The company hiked its quarterly dividend back to $0.42 per share for the first time since the pandemic forced Suncor to slice it in half in 2020. That represents a strong 5.5% yield. Shares of this energy stock possess a favourable price-to-earnings (P/E) ratio of 18.

Enbridge is a dividend stock that packs a punch and has history on its side

Enbridge is one of the 10 largest Canadian companies by market cap. It is also the largest energy infrastructure company in North America. Back in April, I'd suggested that investors look to snatch up this dependable heavyweight energy stock. Enbridge stock has increased 16% in the year-to-date period. Shares have dipped 5.8% month over month.

The company credited improved demand back to pre-pandemic levels for its strong Q3 and year-to-date earnings. In its Liquids Pipelines segment, Enbridge completed the Minnesota leg of its Line 3 Replacement Project. Moreover, it acquired the Ingleside Energy Center in the third quarter. Enbridge is building momentum, and it still boasts a massive project pipeline.

Adjusted earnings in the year-to-date period were reported at $4.17 billion, or $2.06 per diluted share — up from $3.76 billion, or $1.86 per diluted share, in the first nine months of 2020.

In Q3 2021, Enbridge announced a quarterly dividend of $0.835 per share. That represents a very attractive 7.2% yield. Moreover, the company has achieved dividend growth for a quarter-century. Enbridge stock last had a P/E ratio of 16, putting this energy stock in favourable value territory.

Which is the better buy?

Both top energy stocks are worth snatching up on the dip in the middle of December. However, I'm more inclined to snag Enbridge as a potential defensive play with volatility picking up on the domestic and international front.

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