# Passive-Income Seekers: 3 Top Canadian Energy Dividend Stocks to Buy in 2022

### Description

Crude oil has laid a solid ground for energy companies' superior financial growth this year as well. Many see oil breaching US$100-per-barrel levels this year, with energy demand not affected by the Omicron variant. As a result, passive-income investors could see another year of generous dividends and buybacks. Here are some of the top Canadian energy dividend stocks to consider for the long term.



## Canadian Natural Resources

Canada's biggest energy producer **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) looks well placed to play the crude oil rally this year. With crude oil averaging around US$68 per barrel, it posted a free cash flow of $7.9 billion in 2021, way higher than 2020. Oil has already breached $80-per-barrel levels this year, which should notably increase its free cash flow in 2022.

CNQ stock is currently trading at a dividend yield of 4.3%. Its strong liquidity position and earnings-growth visibility should allow a decent dividend increase in the future. In addition, Canadian Natural continued to increase shareholder payouts, even when peers trimmed or completely suspended dividends early during the pandemic.

CNQ stock has returned 85% in the last 12 months, which is in line with the industry average. In comparison, the **TSX Composite Index** returned a mere 23% in the same period.

The energy was among some of the unlikable sectors till last year. However, oil and gas stocks have emerged so strong since mid-2020 that they were among the top wealth generators in 2021.

## Enbridge

Canadian energy pipeline operator **Enbridge** (TSX:ENB)(NYSE:ENB) could be an attractive pick for passive-income investors. It currently offers a juicy yield of 6.6%, which is higher than peers. Apartfrom the yield, its long and steep dividend payment history speaks for itself.

Energy pipeline stocks typically do not significantly move on volatile and gas prices. However, as energy prices increase, producers are encouraged to drill more wells to reap more profits. This ultimately helps pipeline companies as higher production means more business for them. As many upstream energy companies have been guided to raise their production in 2022, companies like Enbridge could see a rise in their top lines.

ENB stock has soared 11% since last month and has returned almost 30% in the last 12 months.

## Suncor Energy

Canada's largest oil sands producer **Suncor Energy** (TSX:SU)(NYSE:SU) offers a 5.5% yield at the moment, the highest among energy producer bigwigs. It doubled dividends when free cash flows notably jumped on the back of higher oil prices last year. However, SU stock underperformed peers, gaining 50% in the last 12 months.



Suncor Energy achieved substantial balance sheet strength last year by repaying debt with excess cash. If free cash flows remain strong this year, expect further improvement in its debt position and another hike in shareholder payouts.

Energy markets look incredibly strong in 2022, given rapidly increasing demand but gradually increasing supplies. Crude oil prices might touch record levels this year, boosting energy companies' financials, ultimately rewarding shareholders.

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