



Dividend Stock Heavyweight Bout: Should You Buy Suncor or TD Bank?

Description

The **S&P/TSX Composite Index** suffered a triple-digit retreat during yesterday's trading session. Fortunately, energy and financials finished the day in the black. Both sectors, which enjoy an outsized weighting on the Canadian market, put together a great performance in 2021. Today, I want to look at two of the [top names in their respective sectors](#): **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) and **TD Bank** ([TSX:TD](#))([NYSE:TD](#)). Which dividend stock is the better buy today? Let's jump in.

Why Suncor is the perfect dividend stock to buy right now

Suncor is a Calgary-based integrated energy company, one of the largest in Canada and around the world. Shares of this dividend stock have climbed 12% in 2022 as of late-morning trading on February 23. The stock is up 41% in the year-over-year period.

Oil and gas prices have soared in the year-over-year period. The spot price of oil has been powered by tightened supply and improved demand. Meanwhile, gas prices have erupted, as inflation has hit multi-decade highs. Yesterday, I'd [suggested](#) that investors stay the course in this space, as oil and gas prices build momentum during the worsening Russia-Ukraine crisis.

The company released its fourth-quarter and full-year 2021 earnings on February 3. It posted big increases in funds from operations while it remained focused on paying down debt. This past year, Suncor was able to hike its quarterly dividend from \$0.21 to \$0.42 per share. That represents a solid 4.4% yield.

Shares of this dividend stock last possessed a price-to-earnings (P/E) ratio of 23. That puts Suncor in favourable value territory compared to its industry peers.

How does TD Bank look ahead of its first round of earnings?

TD Bank is the second-largest financial institution in Canada. It boasts the largest United States footprint of its peers. Shares of this dividend stock have climbed 6% so far this year. The stock is up

34% in the year-over-year period.

Canadian bank stocks came roaring back in 2021. This was largely due to a steep decline in provisions set aside for credit losses. The return to general economic stability in the prior year allowed banks to focus on maximizing profits and rewarding shareholders once again.

This dividend stock was the [third-best performer](#) among its peers in 2021. TD Bank stock climbed 40.1% for the full year. In 2021, the bank reported adjusted net income of \$14.6 billion, or \$7.91 per diluted share — up from \$9.96 billion, or \$5.36 per diluted share, in 2020. It posted net income growth of 19% in its Canadian Retail segment largely on the back of improved revenue growth and lower provisions set aside for credit losses (PCL). Meanwhile, United States Retail Banking net income jumped 58% year over year to \$1.37 billion.

Investors can expect to see TD Bank's first-quarter fiscal 2022 earnings in early March. TD Bank stock last had a favourable P/E ratio of 13. Meanwhile, it offers a quarterly dividend of \$0.89 per share. That represents a 3.3% yield.

Which dividend stock is the better buy?

Oil prices have continued to go on a tear in late February. The worsening Russia-Ukraine conflict will likely fuel this bull market in the near term. Suncor offers solid value and a superior dividend at the time of this writing. I'm looking to snatch up the energy-focused dividend stock today.

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Date

2025/08/27

Date Created

2022/02/23

Author

aocallaghan

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