



3 Top-Yielding TSX Energy Stocks to Buy in April 2022

Description

The Canadian energy sector has notably outperformed broader markets since the pandemic. Interestingly, the sector will likely keep delighting investors with steep dividend increases and capital gains this year as well. Here are three TSX energy stocks with attractive dividend yields and growth prospects.

Suncor Energy

Just two years ago, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) halved its dividends when cash retention became necessary for the company amid the pandemic. However, it reinstated shareholder payouts when oil prices sharply recovered last year. Today, it is on a much stronger footing and capable of more cash distribution.

Suncor Energy stock is currently trading at a dividend yield of 4%, which is higher than many of its peers. If oil and gas prices remain strong, it might see superior free cash flow growth, translating into higher dividends.

Canada's largest oil sands producer Suncor will report its Q1 2022 earnings early next month. During the first quarter, higher crude oil prices will likely significantly boost its upcoming numbers. Its higher contribution from the downstream operations amid the full re-openings could increase its financial performance in the next few quarters.

Interestingly, SU stock has gained only 60% in the last 12 months, while [TSX energy stocks](#) on average have gained 100% in the same period.

Canadian Natural Resources

The country's biggest oil and gas producer by market cap **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) is another safer pick for long-term investors. It pays a stable dividend yielding 3.6% at the moment.

It plans to pay a dividend of \$3.00 per share this year — an almost 50% increase relative to last year. Through the pandemic and the 2008 financial crisis, CNQ maintained its dividend-growth streak. Its strong balance sheet and solid earnings growth potential make its dividend reliable.

CNQ stock has returned 120% in the last 12 months, beating Canadian energy bigwigs. Interestingly, the rally could well continue for the next few quarters, driven by solid earnings growth and relatively fairly valued stock.

If oil and gas prices continue to trade at around \$100-a-barrel levels, energy producers like CNQ will see windfall gains for the next few quarters. Thus, despite doubling since last year, [Canadian energy stocks](#) still seem to have steam left.

TC Energy

Canada's second-largest energy pipeline operator **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) is my third pick among the top-yielding TSX energy stocks. It yields a handsome 5% at the moment, higher than Canadian oil and gas producers.

Energy pipeline companies are relatively safer bets for investors compared to producers because of their higher earnings visibility and stability.

TC Energy earns 95% of its earnings from rate-regulated, long-term contracts. Thus, earnings don't move significantly on volatile oil and gas prices. The company has [increased](#) its dividend for the last 22 consecutive years. TC Energy forecasts to increase its dividends by 3-5% annually for the next few years.

Investors who want to invest in energy and are looking for a stable passive income can consider energy pipeline stocks like TC Energy. They offer a low-risk and decent return proposition for conservative investors.

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2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:SU (Suncor Energy Inc.)
6. TSX:TRP (TC Energy Corporation)

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