



2 Top Dividend-Paying Commodity Stocks to Buy Right Now

Description

This year, commodity stocks are red hot, and the influx of money into various commodities like gold and oil keeps rolling in. Investors worried about the impact of an inflationary environment, rising geopolitical tensions, and tightening monetary policies on their investment returns are looking for a hedge against the uncertainty.

Commodities make ideal investments for volatile market conditions, because their value typically rises during such environments. [Dividend investing](#) is also an excellent method to offset some of the losses in equity markets through shareholder dividends. The **TSX** boasts several high-quality stocks that offer shareholder dividends while providing you with exposure to various commodities.

Today, I will discuss two such TSX commodity stocks that also pay increasing shareholder dividends that you can consider investing in for this purpose.

Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) is a \$57.33 billion market capitalization mining company headquartered in Toronto. The mining company primarily produces gold and copper through a portfolio of geographically diversified mining operations, generating significant cash flows.

Barrick Gold is one of the largest gold-producing companies worldwide, and it thrives in environments like the current situation in the market right now.

The gold stock has not always had a pristine reputation. The company made several acquisitions with high price tags earlier, amassing a substantial amount in debt, leading up to the gold price crash in 2011. Falling gold prices between 2011 and 2015 took a toll on the company's share prices.

Following major restructuring in the company that came along at the same time as a rebound in gold prices saw its valuation soar again. The company used the higher profit margins generated by rising gold prices to eliminate its substantial debt.

Now that it is debt free, the company is well positioned to generate significant free cash flow for investors, as evidenced by its special return of capital of US\$0.42 per share last year.

Barrick Gold stock trades for \$32.10 per share at writing, and it boasts a 1.58% dividend yield. The dividend yield might not be high, but it has more than tripled since 2018 and is likely to grow further in the current market.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is a \$58.17 billion market capitalization integrated energy company headquartered in Calgary. The company is a major oil producer in Canada, specializing in producing synthetic crude oil through its oil sands operations. The integrated structure of the business means that it also generates revenues through midstream and downstream operations.

The company's downstream business includes refineries and retail locations. The company generates returns from extracting, producing, and selling oil directly to end consumers. Suncor Energy was a Canadian Dividend Aristocrat until the company's management chose to forfeit that status by slashing shareholder dividends by 55% in 2020.

Reducing its shareholder dividends was a welcome one amid the peak pandemic, because it allowed Suncor to strengthen its balance sheet. [Rising oil prices](#) have been a boon for the company, allowing it to generate substantial profits, evidenced by its 100% dividend hike in the fall of 2021.

Suncor Energy stock trades for \$40.50 per share at writing, and it boasts a juicy 4.15% dividend yield. Fuel demand in the coming years will likely remain high, meaning higher oil prices, more significant profit margins for the company, and potentially more dividend hikes.

Foolish takeaway

Barrick Gold and Suncor Energy are two commodity stocks generating substantial cash flows in the current market environment. The two dividend stocks look well positioned to deliver further [dividend hikes](#), considering the financial performance of both companies in a market like this.

If you have some cash set aside to invest in commodity stocks and want to generate increasing dividend income, it would be worth your time and money to have these two stocks on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ABX (Barrick Mining)
4. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. adamothonman
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/07/03

Date Created

2022/04/17

Author

adamothonman

default watermark

default watermark