



## 2 TSX Energy Stocks Paying Dividends up to 4.97%

### Description

The Canadian energy sector has been on a roll in recent months. As the world slowly moves into a post-pandemic era, the demand for energy commodities has soared. Interestingly enough, the Canadian energy industry will likely continue to be favoured by Canadian investors who are interested in [dividend investing](#) and capital gains.

The surge in demand for crude oil has combined with other macroeconomic factors to Canadian oil and natural gas producers. Russia's war with Ukraine and the ensuing sanctions against one of the world's oil exporters has led to a growth in demand for energy commodities produced in Canada.

Higher overall oil prices significantly boosted cash flows for many [energy industry giants](#), resulting in dividend hikes that could continue in the coming years. Today, I will discuss two TSX energy stocks you should have on your radar if you want to capitalize on this trend.

### Suncor Energy

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is a \$60.77 billion market capitalization integrated energy company based in Calgary. The company specializes in producing synthetic crude oil from its oil sands operations, and it is the largest oil sands producer in Canada. The integrated structure of the company allows Suncor to also generate revenues from midstream and downstream operations.

The company halved its dividends when it had to prioritize cash retention due to the financial challenges presented by the pandemic. The company was quick to reinstate its shareholder dividends during the oil price uptick last year, and it is in a much better position to deliver dividend hikes.

Suncor Energy stock trades for \$42.57 per share at writing, and it boasts a 3.95% dividend yield that you can lock into your portfolio before its valuation soars and compresses its yield.

### TC Energy

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) is Canada's second-largest energy pipeline company. The Calgary-based \$70.63 billion market capitalization company is another top-yielding energy stock that you could consider adding to your investment portfolio.

Energy pipeline businesses enjoy a relative degree of insulation from volatile oil and gas prices. These companies generate more stable returns through volume-based fees, alleviating them from the direct impact of oil prices as with Suncor.

TC Energy generates most of its cash flows through rate-regulated and long-term contracts. TC Energy stock is a Canadian Dividend Aristocrat, and it boasts a 22-year dividend-growth streak. TC Energy stock trades for \$72.45 per share at writing, and it boasts a juicy 4.97% dividend yield.

Investing in its shares at current levels can help you lock in the dividend yield and enjoy more wealth growth through potential capital gains in the coming weeks.

## Foolish takeaway

Considering the impact of rising energy prices and increasing inflation rates, [dividend investing](#) might be a viable method for Canadian investors to protect their finances. Reliable dividend stocks can provide you with passive income through regular quarterly distributions, even when the broader market might be under pressure due to the inflationary environment.

Higher oil prices mean a heftier bill when you fill up your car at the gas station. However, you can capitalize on the trend by investing in companies that benefit from it. Suncor Energy and TC Energy stock could be viable investments to consider for this purpose.

### CATEGORY

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2. Investing

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## Date

2025/08/20

## Date Created

2022/04/18

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