3 Top TSX Energy Dividend Stocks to Buy Right Now

Description

Canadian energy investors have been in a sweet spot lately with rallying stocks and steep dividend raises. Higher oil and gas prices increased producers' free cash flows, which ultimately made way for higher shareholder dividends. But, interestingly, even after investing higher capital for production and paying shareholders generously, many TSX energy companies are still sitting on excess cash.

Since last year, Canadian energy stocks have returned 86%, while TSX Composite Index has returned only 3%. Let's take a look at some of the top TSX energy dividend stocks for long-term investors.

Canadian Natural Resources

Canada's biggest energy company by market cap, **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ), has been on a roll since the pandemic. It has returned 270% since mid-2020 and 90% in the last 12 months. The stock currently yields a handsome 4%, which is higher than TSX stocks at large.

Canadian Natural saw a steep free cash flow growth as oil and gas prices rallied in the last few quarters. The increased cash made way for debt repayments and also to higher dividends. It has increased its dividend by 50% for 2022 and will pay $3 per share this year.

CNQ has raised its dividends for the last 22 consecutive years — one of the highest among top Canadian energy producers. Such a long streak indicates reliability and management's visibility about its future earnings.

CNQ stock will likely keep trading higher based on strength in energy markets and ensuing solid earnings growth potential. For long-term investors, it's a double delight of superior capital gains and expanding dividends.

Tourmaline Oil

Tourmaline Oil (TSX:TOU) is another TSX energy stock investors can consider for dividends and growth. Since the pandemic, the stock has surged a massive 700% and has been extremely generous with its shareholder dividends.

Tourmaline Oil increased its quarterly dividends thrice and has issued a juicy special dividend thrice in the last 12 months. Its scale and operational efficiency notably expanded margins in the last few quarters. Moreover, it might continue to see a superior quarterly performance in Q2 2022 as well, driven by a vertical rally in natural gas.

Enbridge

If you like regular dividends but are looking for a relatively less-volatile stock, **Enbridge** (TSX:ENB)(NYSE:ENB) could be an apt bet.

Enbridge will likely see higher earnings growth with higher demand for oil and gas. In addition, higher prices should encourage producers to drill more and transport higher quantities to refiners. Thus, energy infrastructure companies like Enbridge will likely see higher top-line growth in 2022 and beyond.

ENB stock currently yields 6.1%, which is way higher than TSX energy stocks on average.

ENB is a relatively low-risk stock due to its predictable earnings and stable business model. Even if oil and gas prices see large swings, earnings at Enbridge see little volatility as long-term, fixed-fee contracts drive them.

And that is why it has underperformed TSX energy producer stocks by a wide margin. However, ENB is an appealing bet for long-term investors for stability and stable passive income.

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2. NYSE:ENB (Enbridge Inc.)
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5. TSX:TOU (Tourmaline Oil Corp.)

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