



3 High-Yielding Energy Stocks to Buy Amid Rising Volatility

Description

Amid concerns over high inflation, monetary tightening policies, and rising geopolitical tensions, the equity markets have turned volatile over the last few weeks. However, the energy sector has outperformed the broader equity markets amid rising oil prices and demand. So, given the volatility in the equity market, investors can strengthen their portfolios by adding the following three [energy stocks](#) that pay dividends at healthier yields.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a midstream energy company that transfers oil and natural gas across Canada, the United States, and Mexico. It also operates power generating and storage assets. With over 95% of its adjusted EBITDA generated from regulated assets or long-term contracts, the company enjoys stable cash flows. So, the company has been able to hike its dividends for the last 22 years at a CAGR of 7%. With a quarterly dividend of \$0.90/share, its forward yield stands at 4.91%.

Meanwhile, the rising energy demand could drive its throughput in the coming quarters. The company continues with its \$25 billion secured capital program, with around \$6.5 billion worth of projects expected to become operational this year. Supported by these investments, TC Energy's management expects to grow its adjusted EBITDA at a rate of 5% through 2026. The management expects to raise its dividend at a 3-5% rate in the coming years. Its valuation also looks attractive, with its next 12-month price-to-earnings multiple standing at 17.2. So, I am bullish on TC Energy.

Pembina Pipeline

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) is also involved in the oil and natural gas transportation business. It primarily operates in Western Canada. It also operates gas gathering and processing facilities. With less than 20% of its business exposed to commodity price fluctuations, the company generates reliable cash flows, thus allowing it to raise or maintain its dividend since 1997. Currently, its forward yield stands at a healthy 5%.

Meanwhile, Pembina Pipeline and KKR have announced the merger of their Western Canadian natural gas processing operations to form a new joint venture, with Pembina Pipeline owning 60% of it. The merger could deliver substantial cost savings and enhance customer service. Meanwhile, the company expects to close the transaction by the third quarter.

The rising energy demand and elevated oil prices could boost its financials in the coming quarters. Its financial position also looks healthy, with its liquidity standing at \$2.7 billion at the end of the first quarter. So, considering all these factors, I believe Pembina Pipeline would be an excellent stock to have in your portfolio.

Canadian Natural Resources

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) is involved in producing crude oil and natural gas, with its assets located across North America. Amid geopolitical tensions, increased demand, and OPEC+ countries struggling to raise their output, oil prices have increased to above US\$110/barrel. Meanwhile, the International Energy Agency's executive director Fatih Birol recently warned that oil prices could rise further amid demand growth in the summers.

So, higher oil prices could benefit oil-producing companies, including Canadian Natural Resources. The company expects to invest around \$3.6 billion this year to increase its production to \$1.27-\$1.32 million barrels of oil equivalent per day. A decline in interest expenses, share repurchases, and strategical acquisitions could also boost its financials in the coming quarters.

Meanwhile, the company has raised its dividend at a CAGR of 22% for the last 22 years. Its forward yield currently stands at 3.8%. So, given its excellent track record, favourable market conditions, and growth initiatives, I believe Canadian Natural Resources would be an excellent buy.

CATEGORY

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:TRP (Tc Energy)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:PPL (Pembina Pipeline Corporation)
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