



## 3 TSX Energy Stocks to Buy for Fast-Growing Passive Income

### Description

High oil and natural gas prices are driving up profits at Canadian energy companies. Investors seeking growing passive income are wondering which top TSX [energy stocks](#) are now good to buy for a dividend portfolio.

### Suncor

**Suncor** ([TSX:SU](#)) trades near \$45.50 per share at the time of writing compared to \$53 at the 2022 high. The pullback appears overdone, and investors can now get a 4% dividend yield with decent increases likely on the way for 2023 and the coming years.

Suncor increased the dividend by 100% in late 2021 after slashing the payout in the early days of the pandemic. The board increased the distribution by another 12% this spring, bringing the dividend to a new high. Investors are still upset and waiting for more signs from new management that they will be more generously rewarded. This gives new investors a chance to buy Suncor stock while it is still [undervalued](#).

Suncor is selling non-core assets. The firm recently unloaded its solar and wind division for \$730 million and is evaluating the possible monetization of the retail operations. This includes roughly 1,500 Petro-Canada locations. The strategy shift comes as a result of an activist investor's actions that led to changes in the senior executive ranks and on the board earlier this year.

West Texas Intermediate oil trades near US\$83 per barrel at the time of writing. This is a very profitable price for Suncor. The company is buying back stock and reducing debt with the excess cash flow. Investors should see a decent dividend increase for next year and possible bonus payouts.

### Canadian Natural Resources

**Canadian Natural Resources** ([TSX:CNQ](#)) is Canada's largest energy company by [market capitalization](#) and one of the best dividend payers in the energy patch. In fact, CNRL has raised the

payout in each of the past 22 years and has delivered a compound annual growth rate of 22% over that timeframe. This is an impressive track record for a business that is at the mercy of global commodity prices to determine revenues and profits.

CNRL's secret to success lies in its diverse portfolio of low-decline, long-life assets. The company is known as an oil sands giant, but CNRL also has conventional heavy and light oil production, offshore oil assets and vast natural gas resources and production. CNRL has the flexibility to move capital across the asset base to take advantage of changing commodity prices. The company also has a very strong balance sheet that enables management to make strategic acquisitions.

Investors who buy CNQ stock at the current price near \$80 per share can get a 3.75% base dividend and look forward to bonus payouts to top up the yield.

## TC Energy

**TC Energy** ([TSX:TRP](#)) doesn't produce oil or natural gas, but it plays a key role in moving the fuels from the producers to utilities, storage sites, or export terminals. Demand for North American oil and natural gas is on the rise and TC Energy's extensive pipeline and storage networks in Canada, the United States, and Mexico put the company in a good position to benefit from the changes in the energy market.

TC Energy is working on a \$28 billion capital program that will drive up revenue and cash flow over the medium term to support ongoing dividend increases. The stock looks oversold trading near \$59 today compared to \$74 earlier this year. Investors can now get a 6% dividend yield.

## The bottom line on top energy stocks to buy for passive income

Suncor, Canadian Natural Resources, and TC Energy all pay dividends that should continue to grow in the coming years. If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your radar.

### CATEGORY

1. Energy Stocks
2. Investing

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2. NYSE:SU (Suncor Energy Inc.)
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#### **Date**

2025/08/12

#### **Date Created**

2022/10/24

#### **Author**

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