Dividend Seekers: Which of These 2 Energy Stocks is a Better Buy?

Description

The Canadian stock market has been on a rollercoaster throughout 2022, and it's not the fun ride. Canadian investors have seen significant losses on their investments across the board as the Canadian benchmark index remains down.

As of this writing, the **S&P/TSX Composite Index** is 10% below its 52-week high. Every sector of the Canadian economy is seeing troubling times. Savvy investors can use the downturn to invest in high-quality stocks at significant discounts.

In particular, I would like to explore opportunities in Canadian energy stocks. After putting up a stellar performance last year, the energy industry is facing the mounting pressure of inflation and interest rate hikes. If you're a dividend income-seeking investor looking for high-yielding returns, the Canadian energy sector boasts a few names you can consider adding to your portfolio.

Today, I will discuss two energy stocks you can consider for this purpose.

Enbridge

Enbridge Inc. (TSX:ENB) is a $110.4 billion market capitalization multinational pipeline company based in Calgary.

The company owns and operates an extensive portfolio of energy transportation and storage assets responsible for transporting a substantial portion of all the energy products consumed in North America. It has always been a solid dividend-paying stock and a staple in many investor portfolios.

As of this writing, Enbridge stock trades for $54.52 per share, down by 8.66% from its 52-week high. At current levels, it boasts a juicy 6.31% dividend yield that is too attractive to ignore. After a disappointing second-quarter earnings report for this fiscal year, Enbridge recently published much better numbers in the third quarter.

Earnings increased by 86% to hit $1.3 billion. Adjusted earnings were up by 16.7%, and its distributable cash flow increased by 8.6% year over year. ENB stock can be an excellent buy-and-hold asset for income-seeking investors.

TC Energy

TC Energy (TSX:TRP) is a $63.9 billion market capitalization Canadian energy infrastructure company. Headquartered in Calgary, TC Energy develops and operates critical energy infrastructure in Canada, the US, and Mexico, providing an essential service to energy producers in North America.

Boasting 93,000 km of natural gas pipelines and 650 billion cubic feet of natural gas storage, it is well-equipped to cater to surging energy demand.

As of this writing, TC Energy stock trades for $63.14 per share, down by 15.2% from its 52-week high. At current levels, it boasts a juicy 5.70% dividend yield, potentially making it an excellent income-generating asset to own. Despite pressure from macroeconomic factors, TC Energy reported solid Q3 earnings for fiscal 2022.

TC Energy's net income for the quarter was $841 million, compared to $779 million in the same period last year. The stock's EBITDA was $2.5 billion – a marked improvement from the $2.24 billion in the same quarter last year. TRP can be a good income-generating asset for you to buy and hold for the long run due to an expected increase in energy demand in the coming months.

Foolish takeaway

Without a doubt, investors seeking income-generating assets should take advantage of these deflated valuations on top dividend stocks. Lower valuations mean you can purchase shares of a discounted stock for a lower price and lock in higher-than-normal dividend yields.

This way, you can generate higher-yielding dividend income from your capital and enjoy wealth growth through capital gains once the stock recovers.

Enbridge stock and TC Pipelines stock are excellent examples of such assets you can consider adding to your portfolio.

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1. Dividend Stocks
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2. TSX:TRP (TC Energy Corporation)

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