



Nearing Retirement? The 2 Best Energy Dividend Stocks to Buy Now

Description

The energy sector has outperformed the rest of the market this year. Nearly every oil and gas stock has seen capital appreciation and some dividend hikes. This windfall could continue, as the global energy market remains constrained.

If you're close to retirement right now, this sector could be an ideal target for passive income. Here are the top energy dividend stocks you should consider right now.

Energy dividend stock #1

Enbridge ([TSX:ENB](#)) is a top pick for dividend investors. That's because energy infrastructure dividends are higher and more stable. The stock offers a 6.5% dividend yield at the moment. That's enough to generate cash flows that replace two months of after-tax income on a \$100,000 investment.

Enbridge is also poised for growth. North America is ramping up production and export of oil and gas to Europe to plug the gap left by Russia. That means Enbridge needs to expand its network and add new routes to upcoming refining stations and export hubs.

That's why the company's management expects steady growth in profits and dividends for the foreseeable future. [Dividends](#) should grow 5-6% on average every year for the next five years. Retirees can safely deploy their assets into this robust dividend-growth energy stock.

Energy dividend stock #2

Exxon Mobil ([NYSE:XOM](#)) is another great dividend stock pick.

The [large-cap](#) stock's impressive run shows no signs of slowing down, backed by solid underlying fundamentals and long-term prospects.

Like other energy players, Exxon Mobil has been on a resurgence benefiting from a spike in oil and

gas prices. The company had a record-breaking third quarter. Additionally, the Dividend King continues to benefit from its cost-cutting plan, portfolio diversification, and growth in the refining business.

The company delivered a record quarterly profit of nearly U.S.\$20 billion in the third quarter (Q3), which is 10% more than the last quarter. The record profit came against sanctions on Russia's oil and gas, pushing European nations to look elsewhere for their energy. U.S. exports into Europe have increased significantly, with Exxon Mobil benefiting greatly.

Likewise, Exxon Mobil has continued to return optimum value to shareholders. In the recent quarter, it returned U.S.\$8.7 billion to shareholders, made up of US\$4.5 billion in share buybacks and U.S.\$3.7 billion in dividends. The oil major plans to buy back about US\$30 billion worth of shares by 2023.

Exxon Mobil's dividend yield stands at about 3.22%. Consequently, the stock is ideal for anyone looking to generate some passive income to shrug off inflationary pressures.

While the stock is up by about 80% year to date, it is fairly valued, given a price-to-earnings multiple of nine. That said, Exxon Mobil is a solid long-term play, as it has positioned itself as a leader amid the transition to a net zero emissions future. It has already invested significantly in low-carbon technologies and produces renewable diesel using hydrogen.

If you're close to retirement, this American energy giant should be on your watch list.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:XOM (Exxon Mobil Corporation)
3. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. vraisinghani

Category

1. Energy Stocks
2. Investing

Date

2025/06/28

Date Created

2022/12/02

Author

vraisinghani

default watermark

default watermark