RRSP Investors: Snatch Up These Ridiculously Cheap Energy Stocks Before They Skyrocket

Description

RRSPs are a great way to grow our savings and take care of our retirement needs.

With its tax-exempt status, we get the benefit of growing our money without paying the tax man, and this sets us up for another level of compounding returns.

Are you looking for the best investments to take advantage of this savings vehicle? Stocks that pay dividends and/or have big upside, but that are also secure enough so as to preserve your capital are the perfect stocks for the RRSP.

Since the beginning of 2019, WTI oil prices are up almost 26%, Western Canadian Select oil prices are up 19%, and while natural gas prices remain lacklustre, we are seeing an increasing investment in LNG projects again recently, opening Canada's natural gas market to international markets and significantly higher pricing.

Without further ado, here are two energy stocks that investors should consider adding to their RRSP portfolios off the strength we are seeing in the oil and gas market and pricing.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is an oil and gas company that is a perfect fit for RRSP investors, with a 3.59% dividend yield and big upside.

The company will see explosive growth going forward, as the energy sector receives investment in pipelines to address the current challenges, and as it benefits from stronger oil prices.

Canadian Natural has been on a long and consistent road of shareholder value creation, with dividend increases and stock price outperformance being the norms.

The company is a cash machine that continues to generate strong cash flows and income for investors, yet CNQ stock is down 6% versus last year.

If you are bullish on crude oil prices in the long term, if your risk tolerance is higher, and if you're patient enough to wait it out, then **Baytex Energy** (TSX:BTE)(NYSE:BTE) stock is well suited to you for exposure to explosive upside.

Baytex's merger has effectively solved the two biggest problems that have plagued the company in the past — its debt load and its lack of diversification — making it a solid choice to consider for upside to a recovering oil and gas sector. This has strengthened Baytex's balance sheet, bringing its net-debt-to-equity ratio to below two times from three times, and it has diversified its production base, giving the company quality light oil assets and land in the Duvernay area in Alberta.

I am less concerned about Baytex stock's downside as a result, and I think it is a good bet in a recovering oil and gas market.

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1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:BTE (Baytex Energy Corp.)
3. TSX:CNQ (Canadian Natural Resources Limited)

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