



## Have TSX Energy Stocks Finally Become Good Buys?

### Description

Over the past five years, you'd have been wise to have avoided TSX energy stocks. After the oil price collapsed worldwide in 2014, energy companies predictably took a hit—even the American energy giant **Exxon** didn't come out unscathed. Canadian Energy stocks were particularly hard hit by the oil collapse, as Canadian crude is expensive to produce.

Since 2014-2015, TSX energy stocks have not recovered well. Although oil prices began to creep upward in 2016, it wasn't enough to save some of the medium cap firms from the structural issues caused by the oil price collapse. Now, however, with the price of crude on the rise, TSX Energy stocks are starting to bounce back. Assuming present trends continue, some of them may even be good buys. I'm going to be sharing a few of those stocks in a minute.

First, let's take a look at what's happening with the price of oil.

### Oil price on the rise

Different types of oil trade for different prices around the world. However, in the past month, almost all types of crude have been on the upswing. As of this writing, Canadian Crude was selling for about \$50 a barrel, up from \$20 in November 2018. At 150%, that's a mighty fine rally for just a few months.

Canadian Crude still has a way to go until it hits its 2014 high of \$82, but at \$50, it's well ahead of where it was anytime in 2016 or 2017. This is great news for tar sands extraction companies like **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), which make money directly from the sale of crude. Suncor in particular is seeing a rise in positive sentiment right now, after Warren Buffett [bought a stake in the company](#) and praised its growth prospects.

### Pipelines appear to have the green light

Pipelines, previously a major sticking point for transportation companies like **TC Energy** ([TSX:TRP](#)), are starting to look like another boon to Canada's energy sector. Over the past few years, projects like

TC's Keystone XL expansion had [faced a number of regulatory hurdles](#) in the U.S.

These projects were politically unpopular because of their potential environmental consequences, having been blocked by American politicians and judges several times. Now, however, it appears that politics south of the border are turning in favour of the pipelines, with Keystone in particular having recently received a permit to continue infrastructure construction.

## Foolish takeaway

Prior to the 2009 recession, energy was one of the strongest sectors on the TSX, handily outperforming the index average. From the recession until 2014, energy performed roughly the same as the TSX, while after 2014, it began underperforming.

In light of this information, it's clear that the price of oil is the main factor that decides where TSX energy stocks will go. Assuming present trends continue, stocks like Suncor Energy and TC Energy will be good buys.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Top TSX Stocks

### TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. NYSE:XOM (Exxon Mobil Corporation)
3. TSX:SU (Suncor Energy Inc.)
4. TSX:TRP (TC Energy Corporation)

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