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3 Top TSX Energy Stocks to Buy Right Now

Description

It's been a rough week for the oil and gas industry.

Last week, after posting its biggest weekly losses of 2019, Canadian crude sank as low as $39 — the lowest it had been since February. Predictably, this sent Canadian energy stocks lower, with the energy sub-index as a whole falling 6.4% last week.

According to analysts, there is significant long-term uncertainty regarding the price of oil. Although increased demand from China and geopolitically rooted supply shortages are putting upward pressure on prices, other long term factors could send prices lower.

In this kind of environment, it pays to invest in diversified energy stocks with multiple revenue streams. By putting your money in companies that diversify with crude, LNG, and renewables, your losses in any one area may be offset by gains in other. The Canadian energy sector is currently in an interesting place where oil-related revenues could easily rise or fall depending on a number of factors. So, now more than ever, if you're buying energy stocks, it pays to buy those with revenue that is not tied too closely to any one commodity. The following are three stocks that fit the bill.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a crude oil and LNG pipeline company that ships petroleum products all over North America. The fact that the company ships both oil and LNG gives it a measure of diversification. Additionally, as a pipeline company, much of Enbridge's revenue comes from toll fees, which are not necessarily sensitive to the price of oil. Enbridge also directly sells electricity to customers — another fee-based business that's not sensitive to swings in the price of crude oil.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) specializes in the production of synthetic crude from oil sands. Unlike Enbridge, Suncor's business is very much contingent on the price of oil. However, with international operations in the North Sea, Libya, Syria, Trinidad, and Tobago, it produces a wide variety of crude products with different price points. It also has some natural gas projects that add a measure of diversification into the mix.

Husky Energy

Husky Energy (TSX:HSE) is an energy production and exploration company whose operations mainly focus on refining. As a diversified company, it has a wide variety of different businesses, including producing ethanol for blended gasolines. This makes Husky another highly diversified energy company whose core businesses can take a hit when crude goes on the downswing — or thrive when it rises

Foolish takeaway

History has shown that the price of oil can be extremely volatile. Accordingly, when you invest in oil and gas stocks, it's a good idea to buy into diversified companies whose operations encompass more than just extracting and refining crude. In an uncertain market like the one we're in today, any of the companies on this list would fit the bill.

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