2 Smart Ways to Play Oil Volatility Right Now

### Description

What's the difference between Saudi oil and Canadian oil? In a word: *security.* With oil prices shooting way up at the start of the week after drone attacks took out a staggering 5% of the world's oil supply, Albertan oil might start looking attractive to business investors across the border as a lower-risk alternative to supplies from areas at risk of escalating geopolitical tension.



Today, we'll take a look at one of the best oil stocks trading on the TSX for dividend investors with broad financial horizons as well as a clean energy alternative to ride the increasing momentum behind renewables.

## A strong play for lower-risk Canadian oil

**Suncor** (TSX:SU)(NYSE:SU) was up almost 6% this week, buoyed by investors seeking a quick play on higher oil. Paying a dividend yield just shy of 4%, Suncor is better than a get-rich-quick momentum play and can reward long-term income investors seeking a defensive distribution. Suncor has an excellent track record of payments and is one of the sturdiest stocks on the TSX.

Though most of the gains of Monday were gone by Tuesday, oil bottlenecks can add rapid upside to energy stocks heavily weighted by the black gold. Despite roughly 25% of Saudi oil production still affected by the drone attack on production sites last Saturday, oil prices have settled down somewhat, though the situation could escalate in the short-term and drive prices higher again.

However, given the potential for further — and even more disruptive — localized bottlenecks, snapping up shares in Suncor may be a canny move. Over the longer term, businesses, especially American ones, may come to prefer the relatively lower-risk oil from Western Canada over supplies from further afield that carry a risk premium. If this plays out, stocks like Suncor could become even more popular.

## One of the top clean-energy stocks on the TSX

Investors seeking to leave the oil patch behind altogether have a clear buy signal today in **Algonquin Power & Utilities**

(TSX:AQN)(NYSE:AQN). Here is a succulent dividend payer (currently yielding a tasty 4.19%) totally not reliant on crude oil reserves and safe from localized instability. Covering wind, thermal, solar, and hydroelectric assets, it's also a great play for "green" investors seeking a low-impact play for energy momentum.

With big tech business now moving very publicly towards investment in renewables, there will be increasing momentum in the sector, leading to capital gains opportunities, richer yields, and better-covered distribution. Producers like Algonquin could very well benefit, for instance, from news such as this week's announcement by Google that it will buy a 1.6 gigawatt basket of renewable power agreements in Europe and the Americas.

## The bottom line

While volatility has long been a facet of oil investing, some of that risk can be reduced when businesses access markets with lower geopolitical risk. The attack last Saturday that took out 50% of the Saudi oil supplies served as a reminder that the world is still reliant on easily disrupted resources. Suncor represents a strong play on Canadian oil, while betting on Algonquin could pay off if the market swings increasingly towards renewables.



**CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

**TICKERS GLOBAL**

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:SU (Suncor Energy Inc.)

**PARTNER-FEEDS**

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

**Category**

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

**Date**

2025/09/15
**Date Created**
2019/09/21
**Author**
vhetherington