These Energy Stocks Defied a Rough Week on the TSX

Description

It's been a rough week on the North American markets, with few stocks escaping the increasing volatility, as investors shy away from risk. Cannabis stocks have plunged, while gold, energy, and banking have seen a moderate improvement.

Cameco (TSX:CCO)(NYSE:CCJ) and **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) are among the energy and energy-related stocks that saw some improvement towards the end of the week, but which is the better buy for a long-term investor looking for a mix of safety, capital gains, and passive income?

The nuclear option for capital gains

Cameco has long been an industry favourite for uranium investment. It's also one of the widest economic moats on the TSX, thanks to its standing as a market leader in production of the radioactive element. Up 3% at the time of writing, Cameco has come out of a rough week that has seen investors migrating towards quality, as global political and economic uncertainty dampen the markets.

The fact that the stock is seen as having been beaten up over the past decade doesn't hurt its fundamentals, making the mining and energy hybrid somewhat good value for money right now. However, there is also the prospect for high capital gains once the uranium market picks up again — and there are signs that it will, with industry leaders such as Bill Gates bullish about its use in clean energy production.

The passive-income play for traditional fuel

Canadian Natural Resources headed into the weekend up by a point and a half, defying a turbulent oil market in which only the sturdiest stocks came out unscathed. It's also a strong choice for income investors, dishing out a decent yield of 4.54%. Value-focused investors sensing opportunity in a depressed oil market beset by low oil prices and uncertainty in the pipelines industry have a clear buy here.

As one of the most significant oil and gas producers in Western Canada, Canadian Natural Resources is a strong play for investors bullish on the domestic economy, especially as driven by the country's vast natural sources of wealth. As a major player in a number of key fields, from natural liquid gas to crude, bitumen, and synthetic oil, Canadian Natural Resources is a strong buy for energy investors.

In terms of outlook, nuclear and oil are almost on different ends of the spectrum. On the one hand, uranium investors could find their shares suddenly rise in value as the market veers towards clean energy production. On the other hand, oil investors could find their portfolio dip on increased global uncertainty as oil prices continue to grind lower. However, both stocks fit a buy-and-hold play on value and quality.

The bottom line

Putting the two stocks side by side, there's enough of a difference between them to suggest holding both in an energy portfolio. While Cameco has the potentially explosive growth of a nuclear renaissance ahead of it, it's not much of a dividend stock. Meanwhile, Canadian Natural Resources has a range of traditional energy sources covered and should satisfy the general long-term passive-income investor.

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