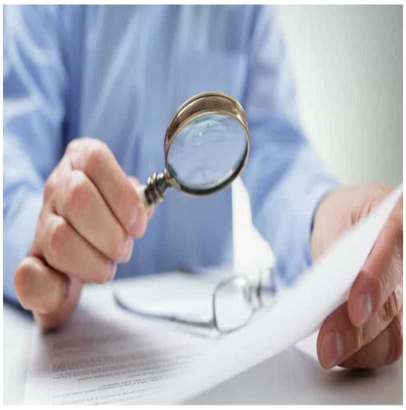

1 Top Stock to Buy as the Energy Sector Shifts Focus

### Description



Anti-hydrocarbon sentiment has been growing steadily, compounded by persistently lower oil prices and an increasingly politicized energy sector. With some investment funds leaning further towards green energy sources, and a trend towards ethical investing, it looks as though growth in the green economy could take over as a source of wealth creation and long-term passive income.

An illustrative example comes from across the pond where a number of tremors has led the U.K. government to withdraw support for fracking, as concerns for public safety begin to outweigh the risks involved. As Brexit concerns weighed on the country, fracking had been seen as a way to ween the country off foreign energy. However, the moratorium on fracking is now unlikely to be lifted in the short term.

## Oil stocks are seeing some positive action

Despite sitting on the globe's third-largest reserve of crude, Canada has had to navigate a flat oil investment landscape over the past half decade. This has been thanks in large part to an ongoing array of pipeline holdups and some cheap alternative fuels such as relatively inexpensive natural gas.

However, several oil companies saw some positive investor sentiment towards the end of last week, despite a fairly flat sector. **Canadian Natural Resources** was up 2.8%; **TORC Oil & Gas** was up 4.8%; and **Vermilion Energy** finished the week up 5.2%. Heading into midweek, TORC's gains have widened to more than 8%, while Vermilion has fallen back, despite its rich dividend currently yielding 13.8%.

## The green economy is starting to muscle in

But oil stocks aren't the only energy tickers seeing upward momentum at the moment — albeit at low levels. Both **Northland Power** and **Algonquin Power & Utilities** ended last week overall slightly positive, while uranium giant **Cameco** (TSX:CCO)(NYSE:CCJ) was looking at five-day gains of 10% this morning.

The uranium producer switched up its full-year guidance with an ungraded revenue level thanks to improved uranium prices. While those spot prices may not have improved significantly, the combination with a better exchange rate led to the company's Q3 striking a positive note with investors.

The uptick in Cameco's share price also comes at a time when carbon fuel is increasingly under the spotlight. Value investors seeking the steepest possible upside are still in luck, though, as the stock still trades a shade below its book price.

While uranium isn't known for offering passive income, Cameco pays a nominal yield of 0.66%. However, its big draw is the potential for upside. Cameco is a big player in the uranium space and can operate amid less-than-optimal commodity prices. If those prices rise through increased demand, though, Cameco will be able to capitalize on the situation, and its shares will appreciate accordingly.

## The bottom line



Investors looking for upside and passive income have some attractive choices beyond the oil patch. While stocks like Vermilion offer high income yields, the growing interest in green energy means that alternatives such as wind power and the high-growth potential of nuclear energy could overtake traditional oil stocks in the long term as go-to energy industries for both capital gains and dividends.

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