



## 5 Top TSX Stocks to Buy Now for an Oil Rally in 2020

### Description

Oil stocks are dirt cheap. Some of the best Canadian stocks have massive dividend yields right now, but nobody wants them. The question to ask, though, is: what if oil rallies in 2020?

It seems unlikely from the current standpoint. Oil is at a multi-year low. OPEC tried and failed to reach a resolution. The coronavirus is killing demand already weakened by the now defunct trade war.

It seems like nothing is going to get better, but this is exactly why now is the right time to buy. There's a strong contrarian thesis here and some great value opportunities.

Let's take a deeper look.

### The top Canadian stocks for oil exposure

**Enbridge** is a divisive stock at the moment. It's one of the [top TSX stocks](#) to be considered by new casual investors. The stock pays a monstrous 7.5% yield after ditching 15% last week. This average was brought down by a last-minute rally of 20%.

That yield and the company's wide economic moat are solid reasons to buy. Value investors should wait for the rally to subside and buy on weakness.

Technically speaking, **Vermilion Energy** is paying a truly staggering dividend. Unfortunately, one of the things that helped push this oil name off a cliff last week was the announcement that it was slashing its payout.

That's not really surprising, however. The question of whether Vermilion's dividend was sustainable has been a matter of debate for some time now. Still, Vermilion is cheap as chips, and a moderate buy for an eventual market recovery.

Put off by Enbridge's endless Mainline network machinations? Still looking for decent yield? Try **Inter Pipeline** on for size. Down 30%, its dividend is an incredible 15% this week. Lock that in and own

one of the best Canadian stocks for midstreamer exposure.

## Contrarians have some great value opportunities

You could also stack shares in **Canadian Natural Resources**. Down almost 22% over the last five days at the time of writing, this major player in western natural commodities pays a very appetizing 8.6% dividend yield at today's crazy prices.

**TORC Oil & Gas** fell so low last week that its dividend yield hit the 25% mark. The stock was up 10% heading into the weekend. However, its overall performance last week saw 60% wiped off its value. The Saskatchewan-focused company is a buy for crude investors seeking dirt-cheap tickers.

Is there an oil stock you want to trim from your portfolio? Sell into strength. Then next time there's a rally, shed a few shares of that underperforming oil company, which will allow you to increase your holding of the top TSX stocks when the market dips again.

This type of [contrarian strategy](#) is particularly well-suited to the current whipsawing of the markets.

## The bottom line

What if the supply/demand switch gets flipped this year? It's not beyond the realm of possibility. A side bet on a 2020 oil rally could make a tidy profit for contrarian investors.

An early end to the coronavirus outbreak would support this outlook. There are two ways of looking at the bear market, though. Therefore, a low-risk investor may want to buy the top **TSX** stocks incrementally rather than go all in.

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