



2 Top Energy Stocks to Buy Now

Description

It's been a rough few years for Canada's oil and gas industry. Even before the market crash, energy stocks across the board fell as the oil and gas glut grew, and production around the world continued as normal. As the market crash hit, more bad news came, with Russia announcing it would not cut back oil production, and Saudi Arabia it would even increase its production. Then, a market rally led to some hope.

Both countries announced cuts to production, and there are rumours of further cuts on the way. This coupled with a market rally has brought energy stocks up a bit, but there is definitely still room for improvement. But before you buy up any old energy stock, there are a few that should perform better a lot sooner than the rest.

Suncor energy stocks

One of the top energy stocks analysts recommend is **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)). This Warren Buffett pick has been sliced in half with the market crash. But with a market rally on the way, investors may soon catch on to the growth potential of Suncor stock.

Why will Suncor stock should see improvement well before its peers? It's Canada's largest integrated energy company. While pure production oil companies are seeing a huge downturn, Suncor remains stable thanks to its downstream operations, and the company stands to make a killing in the future once the oil market improves. Suncor bought up several oil sands projects that will provide the company with decades of crude production.

With the company seeing a bounce-back in earnings far sooner than its peers, the company will be able to start up these oil projects practically right away, which should see Suncor stock soar among other energy stocks with an improved oil price during this market rally.

While you may have to wait to see huge improvement, Suncor remains a perfect buy and hold stock. In the meantime, you can enjoy the company's whopping 8.44% [dividend yield](#), and a potential upside of 36% to reach fair value as of writing.

Parkland stock

A lesser-known option out there with the same set up as Suncor stock is **Parkland Fuel Corp.** ([TSX:PKI](#)). While it may not have the household name of Suncor, investors could see today's investment double just to reach fair value during this market rally.

Parkland is similar to Suncor stock, as unlike other energy stocks, the company both supplies and markets its fuel and petroleum products, and is also a convenience store operator — diversity that gives the company far more opportunity to rebound in today's market rally.

There is the company's \$4.35 billion debt to consider, but Parkland made a smart move cutting its capital spending for the year. It also has \$1 billion on hand, and with a sharp rebound likely after oil prices recover, the company's acquisitions will help Parkland stock soar.

That's why this stock is [ripe for the picking](#) for today's investors. The stock has a potential upside of 60% as of writing, with a solid 4.41% dividend yield that isn't likely to go anywhere. Energy stocks like this with such a low price point don't stay down like for long.

Bottom line

With so many energy stocks to consider, Suncor stock and Parkland stock are really the only two that are worth your time during today's market rally. Until the price of oil comes back up, these two are likely the only ones to see improvement in earnings with a market rebound.

The companies both have diversified businesses that will allow them to bounce back up and continue growing organically for decades.

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2. TSX:PKI (Parkland Fuel Corporation)
3. TSX:SU (Suncor Energy Inc.)

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Date

2025/08/25

Date Created

2020/04/25

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