



2 Top Energy Stocks for September

Description

Energy stocks are as contrarian as you can get in today's market. OPEC price wars, plummeting demand, and [environmental issues](#) have left oil and gas stocks in the dumps. And it's not only the stocks that are in the dumps. Many oil and gas companies will not make it through this crisis. These companies are being hit in so many ways.

As I write this, I am struck by how dire it all seems. But I am also struck by how this could be the best contrarian idea. Without further ado, here are two top energy stocks for September.

Enbridge: The energy infrastructure stock yielding 8%

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is one of North America's leading energy delivery companies. It has been a key energy infrastructure giant since 1949. Today, it is plagued with many problems. The good news is that the problems relate to the macro oil gas industry. They are not company specific. In fact, Enbridge has succeeded well in navigating the turmoil. But the bottom line remains. The industry is in crisis like never before.

Why don't we take a step back and try to see the bigger picture? [North America is famous for its low cost, reliable energy](#). This, coupled with the fact that there is an "undeniable" need for more energy, makes the North American energy industry look attractive. From a long-term perspective, it will boil down to these two simple yet key facts.

In this context, Enbridge has a highly strategic, resilient, and diversified asset base. 95% of its customers are investment grade. And \$30 billion of projects have been completed since 2016. So, we can see this industry is still alive. There's still demand.

Today, oil prices are back above \$40. And even though a second wave of the coronavirus will hit demand once again, companies like Enbridge are relatively safe. Couple that with Enbridge's phenomenal 8% dividend yield, and we have a solid contrarian play.

Suncor: The diversified energy stock

Suncor stock has fallen 58% since the beginning of 2020. Once the market darling, Suncor is now in most people's bad books. I can understand this. The whole oil and gas environment has deteriorated since the good old days. And that is having disastrous effect on the likes of Suncor, which had to slash its dividend recently.

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is somewhat unique for its integrated business model which proves very useful in difficult times like these. Being an integrated oil company, Suncor has exposure not only to the production side of the business, but also to the refining and marketing business. What this means is that Suncor's diversified exposure shelters it from the volatility of the more focused oil and gas producers.

Foolish bottom line

Enbridge and Suncor are top energy stocks that are sheltered from a lot of the volatility of the energy sector. They are also really attractive contrarian stocks that have a lot going for them. If you believe that the oil and gas industry will be around for a while longer, these stocks are for you. By going against the crowd, you can snatch them up at tremendous bargains.

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