



3 Red Hot Energy Stocks to Buy Now

Description

Energy stocks have been decimated in the last few years. There were many factors at play in this action. For example, environmental concerns have overwhelmed the sector. Also, capacity constraints stifled the industry in Canada. And finally, the coronavirus pandemic has wiped out demand. Energy stocks have hit the lowest of lows.

But today, the tide is finally turning. Underinvestment in 2020 was rampant. In 2021, demand will rise, creating a perfect storm. Here are three energy stocks to buy today.

Peyto stock will benefit from stronger natural gas prices

Natural gas will be the fuel of choice in the transition to clean energy. It is relatively clean. Much cleaner than coal, at least. It's relatively cheap as well. The transition to clean energy will take time — decades, in fact. Natural gas will help bridge the gap.

Peyto Exploration and Development Corp. ([TSX:PEY](#)) is one the lowest cost natural gas producers in Canada. The company has a history of strong capital efficiencies. It has always been a well-run energy company and a shining example of capital discipline amid an industry that all too often lacks it.

Peyto stock has rallied 33% so far in 2021. Investors are beginning to recognize that natural gas is a necessary fuel for the foreseeable future. Energy stocks like Peyto will soar as natural gas firmly takes its place in the energy transition.

A key source of energy for decades to come

Oil and gas will provide us with necessary energy for decades to come. The sector will continue to heat our homes. It'll power our next economic recovery. But things will be different.

Technology will be the energy sector's saving grace. Technology has penetrated countless industries. The benefits of technology have been incredible. For example, new and life-saving medical devices are

changing healthcare. Also, [new and better ways to do business are allowing companies to do more with less](#). Finally, [connected cars are making the driving experience safer and better](#). As technology has improved these industries, it will also improve the oil and gas industry.

And the pressure is on. Technology is increasingly being tasked to clean up oil and gas operations. It can save the industry from doom. It can save nations from energy shortages. And it can save nations from environmental disasters. This will ultimately drive energy stocks higher.

Suncor Energy Inc ([TSX:SU](#))([NYSE:SU](#)) is Canada's integrated energy giant. It has a long, impressive history. It is a company that has financial strength, operational excellence, and innovation on its side. Suncor has set a goal to reduce its greenhouse gas emissions by 30% by 2030. At Suncor's newest Fort Hills mine, for example, greenhouse gas intensity is more than 50% lower versus the average oil sands mines.

Suncor Energy stock is up 10% so far in 2021; expect this momentum to continue as 2021 marches on.

Another energy stock to buy for natural gas exposure

Birchcliff Energy Ltd. ([TSX:BIR](#)) is active in the prolific Montney regions of B.C. and Alberta. Its production is mostly natural gas. As such, Birchcliff Energy stock has big exposure to rising natural gas prices. Also, its assets and production are low risk and low decline. Essentially, Birchcliff doesn't have to struggle to offset falling production — a big advantage for the company.

Birchcliff stock is up 27% so far in 2021. I believe this momentum will continue through the year.

The bottom line

Energy stocks are setting up for a comeback in 2021. Oil and gas prices should rise as reduced investment reduces supply. At the same time, demand is expected to increase in 2021 as the coronavirus vaccine is rolled out. This is the perfect storm to drive oil and gas prices higher. This is why these three energy stocks are stocks to buy in 2021.

CATEGORY

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TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:BIR (Birchcliff Energy Ltd.)
3. TSX:PEY (Peyto Exploration & Development Corp)
4. TSX:SU (Suncor Energy Inc.)

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