



## 2 Top Energy Stocks to Buy Right Now

### Description

The new year brings new hope. After the 2020 pandemic year, 2021 is the year of vaccine and recovery. Last year, you saw one of the biggest tech stock rallies in 20 years. Investors who jumped into the rally at the right time are now sitting on thousands of dollars in investment income. The trick is to invest in the trend before it gathers momentum. And make sure you invest in the trend tax-effectively through the Tax-Free Savings Account (TFSA).

### The 2021 investing trend

The year 2020 was not quite good for oil companies, as commercial transportation took a backseat. There weren't many cars on the roads or planes in the skies. The air became cleaner in some of the most polluted cities of the world. Energy stocks fell significantly.

But people are traveling again, and that is driving oil demand. Plus, the U.S. President Joe Biden has signed a US\$2 trillion federal climate plan that will promote wind energy, electric vehicle (EVs), and hydrocarbons. The 2021 investing theme is recovery and clean energy, and two energy stocks will benefit.

### Enbridge stock

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is North America's largest pipeline operator and eye candy for dividend lovers. The company has been building pipelines for over 60 years. Its years of efforts have made it a resilient stock that earns sufficient cash no matter the economic crisis. Its pipelines transmit about 25% of the crude oil produced in North America and nearly 20% of the natural gas consumed in the United States. Moreover, it operates North America's third-largest natural gas utility.

If you look at Enbridge's business model, it does not have direct exposure to energy prices. When there is demand, Enbridge opens its pipes and directs oil and natural gas to its destination.

Energy is a market where there are no overnight changes. But the pandemic brought a sudden halt to

oil demand as airlines, the major consumer of oil, grounded planes amid fresh travel restrictions. Hence, Enbridge stock declined 24% from its pre-pandemic level, and its dividend yield inflated to 7.7%. The company also increased its dividend per share by 3% this year, easing fears of a dividend cut.

Enbridge stock will see a [parabolic recovery](#) when the pandemic eases and oil demand returns. You saw a glimpse of it when the vaccine news rolled out. The stock surged 23% since November 2020. It has the potential to grow another 30% to the pre-pandemic level of \$57. This is a good time to lock in a high dividend yield for a lifetime and enjoy parabolic growth.

## Northland Power stock

While Enbridge will benefit from the recovery, **Northland Power** ([TSX:NPI](#)) will benefit from the growing interest in clean energy. The company has 2.5 GW of renewable energy projects, with a major portion being offshore wind power. It has around 1.5 GW of projects under construction.

Joe Biden plans to install several offshore wind farms over the next four years. This plan will accelerate regulatory approval and funding for wind farms and benefit Northland Power. As more projects come online, the company will generate more electricity and sell it through long-term power-purchase agreements. Northland Power has the potential to become the future Enbridge of renewable energy infrastructure.

Northland Power's stock has surged 16% since Biden's victory in November. The stock currently has a 2.5% dividend yield and has paid dividends for the last three years. The stock will grow in the 2030 decade, as wind energy replaces traditional electricity.

## Investor corner

One of the largest oil companies, **BP**, in its [report](#), acknowledged that oil demand reached its peak in 2019. The demand will shift to clean energy where EVs will replace gasoline, and wind and solar energy will replace oil. The only segment where there is no viable substitute for oil is jet fuel. But air travel will take almost a decade to return to pre-pandemic levels.

This shift to clean energy will take at least 20 years to make a material difference to oil demand. In the meantime, natural gas will act as a bridge between oil and renewable energy.

Enbridge and Northland Power will diversify your portfolio within the energy sector and maximize your returns during this energy shift.

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