



## Canadian Energy Stocks: 4 Top Picks for 2021

### Description

As we come upon a year into the pandemic, with vaccinations increasing each day, the economy is well on its way to recovery. And because stocks are generally forward-looking, most have recovered substantially by now. One major exception, though, is Canadian energy stocks.

The fact that the majority of energy stocks remained significantly undervalued is creating a significant opportunity for investors. This won't last long, though. Already the stocks have started to break out.

So if you're looking to find stocks that are still undervalued, you better act quickly. It won't be long before Canadian energy stocks catch up to the rest of the market.

There are several high-quality energy stocks to consider. However, these are the top four I would recommend.

### A large-cap Canadian energy stock

The first energy stock to consider is an investor favourite, **Suncor Energy Inc** ([TSX:SU](#))([NYSE:SU](#)). Suncor is one of the largest stocks in Canada and a high-quality stock to own long term.

The selloff in Suncor shares of the last year is understandable given the impact the energy industry has felt, but it's also offering long-term investors incredible value.

Suncor is so attractive because it's an integrated energy stock. In addition to producing oil, it also has midstream assets as well as retail locations. This integration both improves profitability and minimizes risk for the company.

Suncor is still down 40% from where it was a year ago, so if there were ever a time to buy, it would be now. At this price, you can still lock in a 3.75% dividend. Plus, it yields just 45% of what it did last year. So over time, as the economy continues its rebound, you can expect some dividend increases too.

## One of the best Canadian natural gas stocks

Suncor is an outstanding stock because it has so much upside potential. One stock that might have even more upside potential is **Peyto Exploration and Development Corp** ([TSX:PEY](#)). That growth potential is, of course, offset by more volatility when the energy sector is down.

If you're a long-term investor, though, you'll have nothing to worry about. Peyto is one of the lowest-cost producers in a natural gas industry that's only going to continue to grow.

Natural gas is the future of fossil fuels, and Peyto is in a prime position to grow with the industry. That's why it's one of the most attractive Canadian energy stocks to buy today.

Already the stock is up 72% year-to-date, showing just how explosive the Canadian energy stock can be.

## A great Canadian energy company for dividend investors

If you're looking for a lower risk stock to gain exposure to the energy industry, consider **Freehold Royalties Ltd** ([TSX:FRU](#)).

Freehold is not an energy producer itself. Instead, it owns over 6 million acres of land, which it charges other energy companies a royalty to produce on.

This gives [Freehold](#) much of the same upside potential as the rest of the industry. However, it's also considerably safer than owning a single energy producer. Furthermore, because the stock is so well capitalized and in a great financial position, the risk is limited even further.

It's a stock that's best suited for dividend investors. However, it will still offer considerable capital gains potential, especially if the company increases its dividend substantially in the coming year like many investors are expecting it to.

## A massive Canadian energy giant

Finally, investors can consider a massive blue-chip energy stock like **Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)). Enbridge is also a lower risk investment in the energy space. And while its business has hung in there over the last year, its stock price has suffered as a result of the pandemic.

This is giving investors a great opportunity to buy the massive Canadian energy stock at an attractive valuation. The Dividend Aristocrat is one of the most important companies in the North American energy industry, transporting up to a quarter of all oil and natural gas in Canada and the United States.

So the fact that investors can gain exposure to [Enbridge](#) today and lock in a whopping 7.3% dividend is something that shouldn't be taken for granted. Plus, trading more than 20% off its 52-week high, it has considerable capital gains potential too.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## **TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FRU (Freehold Royalties Ltd.)
5. TSX:PEY (Peyto Exploration & Development Corp)
6. TSX:SU (Suncor Energy Inc.)

## **PARTNER-FEEDS**

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

## **Category**

1. Dividend Stocks
2. Energy Stocks
3. Investing

## **Date**

2025/07/02

## **Date Created**

2021/02/09

## **Author**

danieldacosta

default watermark

default watermark