



## Buy Alert: 3 Top Canadian Energy Stocks to Buy Now

### Description

One of the last remaining stock sectors offering investors incredible value is energy. Energy stocks were some of the worst impacted stocks by the pandemic, and their recovery has lagged the rest of the market.

Many people believe that we will start to return to a normal life in the second half of this year. So with the forward-looking market, this is the recovery that energy stocks have been waiting for.

Just because many stocks will be rallying, though, doesn't mean we can just buy any stock. We still want to find high-quality long-term investments. Buying them soon, however, will allow us to still lock-in that attractive bargain. Because as these stocks recover, they have the potential to grow significantly.

Back at the beginning of January, I told investors that energy stocks [hit a massive buy signal](#). Since then, these stocks have all rallied considerably.

The complications of the vaccine process have caused the recovery to be a little slower than it could have been. Nevertheless, now that the stocks have momentum, they are rallying with considerable momentum.

So I wouldn't wait too long to gain exposure, or you might miss out on the recovery altogether. Here are three of the best energy stocks I'd be looking at buying today.

### A top Canadian royalty stock

One of my favourite stocks in the energy industry and a top recommendation for investors is **Freehold Royalties Ltd.** ([TSX:FRU](#)). Owning a royalty company rather than an individual producer is a lot lower-risk way of gaining exposure to the energy sector.

You don't have to worry about the operational risk of one specific company, so it's more of a bet on the industry as a whole. Freehold is also particularly attractive because, with such little debt, it's a super low-risk investment.

Being tied to the energy industry, the stock is cyclical and can be volatile. However, for long-term investors, this volatility shouldn't be an issue.

If anything, it allows you to buy the stock cheap again like it has over the last year. And when the industry is rallying, the stock will see major momentum to the upside.

So far, it's up 50% in the last three months and has already begun to increase its dividend back to pre-pandemic levels.

## A top Canadian natural gas stock

Another extremely high-quality stock in the Canadian energy industry is **Peyto Exploration and Development Corp** ([TSX:PEY](#)). Peyto is one of the best natural gas stocks you can buy, which may make it one of the best energy stocks to buy altogether.

[Natural gas](#) has a tonne of long-term potential. The fossil fuel, which is much cleaner than coal or oil, will be crucial to reducing greenhouse emissions as the world increases its dependence on renewable energy.

This switch will not happen overnight. As a matter of fact, it will take decades, so in the meantime, cleaner fossil fuels such as natural gas are necessary to fill the gap in energy demand we will need.

When it comes to any commodities producer, the most important aspect of the business is the cost to produce the commodity. That's why Peyto is so attractive. It's one of the lowest-cost producers in Canada.

This gives it resiliency when prices are falling and increases its profits significantly as the price is rising. So Peyto, which has already gained 105% since the start of the year, continues to be a top buy today.

## The top integrated energy stock

Finally, investors should consider one of the best energy investments in the world, **Suncor Energy Inc** ([TSX:SU](#))([NYSE:SU](#)).

Suncor is such a high-quality investment that even Warren Buffett owns some shares. Its integrated nature helps to keep the business's operations resilient, as well as increase profitability.

This has been especially important during the pandemic, as oil production curtailments were put in place to deal with the rapidly falling demand.

With the energy industry rallying and oil prices skyrocketing, Suncor has already begun to recover considerably. However, it still trades well off its pre-pandemic price of \$40. So if you're looking for a top long-term stock to buy before the recovery, Suncor should be at the top of your list.

## CATEGORY

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## TICKERS GLOBAL

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

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