



2 Top Canadian Energy Stocks for Income and Growth

Description

With all the volatility in markets these days, there are a tonne of high-quality Canadian stocks worth buying. Right now, though, some of the best potential for Canadian investors lies with the recovery of energy stocks.

Whether you're looking for income, growth, or value, there are several Canadian energy stocks to buy now, as commodity prices rally and the sector recovers.

Energy demand has been increasing rapidly along with prices. This has many Canadian energy stocks performing well so far this year, as energy has been one of the top-performing industries.

During these rallies, lots of stocks have major growth potential. The best to buy, though, are those businesses that can offer both growth and stability.

Energy is one of the most cyclical industries there is. So, it's about finding stocks that offer a good balance of high-quality growth during the good times and impressive resiliency during the bad.

One of the best ways to do this is to look for businesses that pay a dividend. These companies usually have more robust operations and cash flow, allowing them to return cash to shareholders.

So, with that in mind, here are two of the top Canadian energy stocks to buy today.

One of the top blue-chip energy stocks in Canada

One of the top stocks for income and stability in all of Canada, let alone the energy industry, is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)).

Enbridge is a massive energy giant with integrated and diversified operations all over North America. The company is crucial to the North American economy. Enbridge is responsible for delivering up to 25% of all the oil produced in North America and 20% of all the gas consumed in the United States.

The fact that it's so large and plays such a major role in North America's economy is why it's such a great investment to own long term. Enbridge stock may be impacted severely during [market pullbacks](#), like we saw last year. However, the same can't be said for its operations.

Its operations are a lot more stable, and the cash cow continues to earn impressive free cash flow. This, in turn, leads to dividend increases as well as tonnes of capital to spend on growth projects.

That's why, in addition to its operations continuing to grow long term, it's also increased its dividend for 26 consecutive years now.

Few stocks in Canada offer as much long-term growth and stability as Enbridge. So, when you factor in that the stock pays a 7.1% dividend and trades more than 17% off the consensus analyst target price, it's one of the top Canadian energy stocks to buy now.

A top royalty stock

One of the reasons Enbridge is such a great stock for income investors is because it's a stable and a low-risk way of gaining exposure to energy. That's part of the reason why **Freehold Royalties** ([TSX:FRU](#)) is worth a long-term investment.

The stock is not necessarily as stable as Enbridge is. However, no company in the energy industry is. That's why Enbridge is one of the top stocks to buy now.

Nevertheless, Freehold is still an incredible company and one that offers major prospects for growth. Not only that, but even though it may not be as robust as Enbridge, it's still a much safer investment than an actual energy producer.

The Canadian stock earns a royalty from the companies producing energy on its land. This diversifies Freehold's revenue considerably, which is why it's lower risk than investing in a single energy producer.

Because it has exposure to several different companies producing energy, an investment in Freehold is more of an investment in the entire energy industry.

That's why, over the last six months, Freehold has rallied rapidly, as the entire industry has rebounded.

Not only is its stock up by 180% since October, but the [energy stock](#) has also increased its dividend three different times since November. This goes to show just how quickly Freehold and the rest of the energy sector are rebounding.

So, if you're interested in adding some Canadian energy stocks to your portfolio, I wouldn't wait long. These stocks have been the top performers as of late.

CATEGORY

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2. TSX:ENB (Enbridge Inc.)
3. TSX:FRU (Freehold Royalties Ltd.)

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