



Canadian Energy Stocks: Top Performers of 2021

Description

After being one of the worst-performing industries in 2020, Canadian energy stocks have been some of the best investments of 2021.

The industry has a tonne of momentum right now, creating plenty of opportunities for investors. First off, energy stocks were some of the last to recover, so a lot were cheap and still could be considered cheap on a long-term basis. The nature of the pandemic meant not only that travel was cut down significantly, but so was mobility across the board with many working from home.

This severely impacted the demand for energy over the last year, which is why many of these stocks were impacted so badly. Today, with the global economy recovering rapidly, though, these stocks are seeing a massive rally.

Furthermore, many commodities prices, including energy, are seeing a boost due to the expectation of inflation. So, not only do these stocks have recovery momentum, but they're also top business to help protect you from inflation.

That's why so far, Canadian energy stocks have been some of the top performers in 2021. And even with the rally in the sector, there is still time to buy some of these stocks while they're still [undervalued](#).

When buying stocks that have momentum in the short run, the key is to not get caught up in their short-term potential.

Things can change in an instant. It's crucial that although these stocks could have short-term potential that makes them even more attractive, the primary reason you're buying these stocks is as a [long-term investment](#).

Here are two top energy stocks that have performed well this year and continue to look attractive on a long-term basis.

A top natural gas stock

One of the best Canadian energy stocks to buy for the long term is **Peyto Exploration and Development** ([TSX:PEY](#)). It was one of the [top energy stocks](#) I recommended for 2021, and so far, it's up more than 140% year to date.

[Peyto](#) is such a great investment, because it's one of the best natural gas stocks in Canada. Peyto is one of the lowest-cost producers, which is key when buying any commodities company.

Plus, natural gas is a key commodity, and the entire industry has a tonne of potential to grow long term. Natural gas is one of the cleanest forms of energy. It will be a key resource as the world transitions to cleaner power generation. This is why low-cost producers like Peyto are some of the top energy stocks to buy for 2021 and beyond.

Because it's such a low-cost company, not only is it safer, as the price of natural gas is falling, but it also has more leverage as the price is rising. That's why it's had such an impressive performance so far this year and continues to offer impressive prospects for growth going forward.

The perfect energy stock for dividend investors

In addition to Peyto, another top Canadian energy stock that's rallied exceptionally well in 2021 is **Freehold Royalties** ([TSX:FRU](#)).

Freehold is a great stock to buy, because it pays an attractive dividend and offers a tonne of growth potential. However, it's also generally less risky than buying a single producer. Instead, it's more of a safe investment on the entire Canadian energy industry.

Freehold owns land that other companies produce energy on, at which point Freehold receives a royalty payment. So, the better the industry is doing, the higher its sales from royalty payments.

That's why, over the last eight months, as energy stocks have recovered, Freehold has increased its dividend three different times. It's also why it's one of the top performers in Canada this year, up 87% year to date.

Today, it's dividend yields roughly 5%, and the stock continues to offer exceptional capital gains potential. So, if you're looking for a top Canadian energy stock to add to your portfolio for the long run, Freehold is one of the best.

CATEGORY

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TICKERS GLOBAL

1. TSX:FRU (Freehold Royalties Ltd.)

2. TSX:PEY (Peyto Exploration & Development Corp)

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Author

danieldacosta

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