



## 2 Top TSX Energy Stocks to Buy as Volatility Grips This Sector

### Description

As far as sector-specific performance goes, energy stocks are among the best-performing assets of late. Indeed, there are many reasons for this. Heightened demand expectations for energy coming out of this pandemic are increasing the value of underlying energy producers. Indeed, until these macroeconomic supply-and-demand factors change, there's a lot to like about this sector.

In this article, I'm going to discuss two top Canadian energy stocks to consider. These are both stocks that have neared their 52-week highs of late. These are also stocks that have tonnes of potential to continue higher.

Let's dive in.

### Top energy stocks: Suncor

As far as large-cap energy stocks go, **Suncor** ([TSX:SU](#))([NYSE:SU](#)) is one of the [first picks](#) on many investor's lists right now. And for good reason.

This key oil player in the heavy oil production in Alberta has been hit hard as a result of the pandemic. Indeed, Suncor's higher debt load and overall exposure to discounted WCS oil hasn't helped the investment thesis for this stock last year.

With WTI oil continuing to remain elevated, at more than US\$73 per barrel at the time of writing, investors in Suncor certainly have a lot to cheer about. Indeed, Suncor's breakeven cost per barrel around US\$35 WTI means this company's margins just got a huge boost. Accordingly, for those who believe these higher oil prices are here to stay, Suncor could have a significant amount of runway to work with here.

Suncor's management team has been laser-focused on improving operational efficiencies and cutting costs. These moves in difficult times, such as in recent years, have set the company up for success. Additionally, further integration of technology-focused solutions has improved margins further. Given the company's impressively low breakeven cost per barrel, Suncor could be an outperformer for

quarters or years to come.

As with all energy stocks, a bet on Suncor right now is a bet oil prices can remain near these levels over the medium to long term. That's a call each individual investor needs to make. However, those bullish on energy and commodities can't go wrong with this name today.

## Cenovus

Another major energy player in the Canadian oil patch is **Cenovus** ([TSX:CVE](#))([NYSE:CVE](#)). Cenovus has similarly been an outperformer of late. And given the momentum this stock has, it's perhaps a bit scary for investors to consider such stocks that are trading near their 52-week highs right now.

That said, Cenovus's recent numbers speak for themselves. The company posted an impressive profit of US\$220 million this past quarter. In fact, this earnings number likely would have been doubled, if not for a one-time integration fee of US\$245 million Cenovus had to pay to acquire Husky Energy.

Indeed, the company's recent acquisition, along with strong production growth, positions Cenovus shareholders well to take advantage of higher oil prices. Like Suncor, Cenovus's balance sheet holds significant debt. For those looking for a high-leverage play on oil, this makes Cenovus more attractive of an investment with oil prices where they are today.

As the Canadian energy patch further consolidates, players like Cenovus and Suncor should continue to do well. These are two Canadian energy stocks every investor ought to have on their radar right now.

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### TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
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### Date

2025/07/01

### Date Created

2021/06/28

### Author

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