



## Forget Oil Stocks: Invest in These Instead

### Description

Oil prices have surged past US\$75 this week. If experts are to be believed, the rebound is far from over. The global economy is reopening, and people are shopping or traveling like never before. Oil simply reflects this demand for consumption.

The rising price of each barrel has helped oil stocks recover all the value they lost last year. However, oil stocks have limited upside, despite the economic rebound. Here are two reasons you should buy green energy stocks instead.

### More room to grow

The global energy market is worth US\$1.5 trillion or CA\$1.88 trillion. The majority of that market is based on fossil fuels right now. Oil stocks already dominate the market, and now their growth can be based on either consumer demand or population growth.

Green energy, however, is roughly 24% of global energy consumption. It simply has much more room to grow. That's an opportunity worth over \$1 trillion.

### Regulations

Consumers and government agencies have clearly committed to the transition to greener fuels. In a recent Pew survey, respondents below the age of 25 said their biggest concern was climate change. Meanwhile, the heatwave in Western Canada and the wildfires in Australia have pushed governments to tighten regulations on carbon emissions.

Within a few decades, a greater percentage of global energy consumption could be derived from renewable sources. Oil stocks will eventually lose ground to renewable energy providers. Investors should shift their assets accordingly.

## Best green energy stocks to buy

**Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) is probably one of the best green energy stocks to buy. The stock price has doubled since March 2020. Despite that surge, the dividend yield is still relatively high at 3%.

Brookfield's portfolio of energy producers is diversified across regions (from Europe to Asia) as well as type (from hydro to solar). The company's scale and access to immense cheap capital gives it an edge. Few other companies can deploy infrastructure like this.

When it comes to winning government contracts and development rights in foreign countries, Brookfield's scale is a clear advantage.

That makes Brookfield a leading contender to dominate the global transition to renewable energy. Over the past few years, the stock has outperformed most oil stocks, despite the surge in crude oil prices. This outperformance could continue for several decades. The dividend will eventually catch up to oil stocks as well, by my estimates.

That's what makes Brookfield Renewable the [ultimate buy-and-forget stock](#).

## Bottom line

Oil prices are rebounding as the global economy reopens and consumption resumes. Oil stocks have had an incredible run over the past few months. However, the future transition to cleaner fuels is still certain. Renewable energy stocks, like Brookfield Renewable Partners, simply have more room to grow.

Don't miss out on this trillion-dollar transition while chasing high yields in the near term. Bet on the future instead of oil stocks. Good luck!

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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