



Forget Suncor: 2 Top Energy Stocks to Buy Instead

Description

Over the past few weeks, the price of oil has started to decline. This has led to several [energy stocks](#) selling off. And as these stocks sell off, they could offer a tonne of value. So, it's important to keep up to date with what's happening in markets, as energy stocks could soon be some of the top companies to buy.

There are a few factors weighing on commodities prices right now. The number one reason for the selloff, though, is due to rising concerns among investors about the severity of the Delta variant.

We have seen earlier in the pandemic just how much the demand for energy can drop off if there are extended shutdowns and limits to people's mobility.

However, even with a more contagious variant circulating, the world is much better equipped to deal with the pandemic today.

So, with oil prices falling but still well above where they were this time last year, there could be some significant opportunities.

And although a stock like **Suncor** is usually an investor favourite, here are two top energy stocks that are much better to buy in the current market environment.

A top energy stock for dividend investors to buy

The first stock I'd recommend for investors, and one of my favourite stocks in the energy industry, is **Freehold Royalties** ([TSX:FRU](#)).

Freehold is one of the top energy stocks to buy in this environment, because it offers investors an ideal way to gain exposure to a high-potential energy stock but with much less risk than a traditional producer.

The company earns a royalty from all the energy produced on its land. So, because Freehold isn't

involved in the operations, its capital costs are low, resulting in a tonne of free cash flow generated for the company.

One of the biggest catalysts to Freehold's share price rising is the price of commodities increasing too. However, the increase in production by companies on its land plays a major role as well.

This is why its income has increased so rapidly over the last year, as the economy has recovered. As a result, freehold has now increased its dividend four times since last November.

And today, the stock is so cheap that it trades at the same price as before the most recent [dividend](#) increase. The stock now yields a whopping 7.2%, making it one of the top energy stocks to buy today.

Keep in mind that while we are still early in the fourth wave, Freehold's stock could continue to decline in the short term. However, even if that were the case, Freehold would still be one of the top stocks to buy. In fact, a further selloff would just make the stock even more appealing.

A massive Canadian energy giant

In addition to Freehold, another top energy stock to buy is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)).

Enbridge is an incredible business, one that's perfect for the core of your portfolio. Its massively integrated operations span North America and are crucial to its infrastructure.

From oil and natural gas pipelines to a gas utility and even renewable energy assets, Enbridge does it all.

And because it operates in an industry with huge barriers to entry and long-life assets, Enbridge has a superior competitive advantage that allows it to be a major cash cow.

So, the company can continue to invest in long-term growth for investors while also returning a significant portion of earnings back to investors. For 26 straight years, Enbridge has increased its dividend. And today, that dividend yields a whopping 7%.

So, if you're looking to own one of the best energy stocks in the world, Enbridge is the top stock to buy now.

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Date

2025/07/08

Date Created

2021/08/20

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