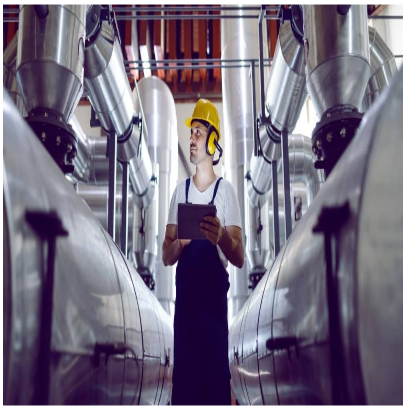

2 Top Oil Stocks to Buy Today

Description

If we have to name one commodity that has suffered quite a bit during the pandemic, it would be oil. Oil futures dipped below zero for the first time in history last year, and it had some severe repercussions throughout the supply chain. Oil producers had to shut down production lines, since storage shortage was rising and oil tankers got stranded due to a demand slump.

Now that we are more than a year out from the 2020 market crash, and the pandemic is relatively under control (if you disregard the fear of Delta variant spreading), the oil futures seem relatively strong. They experienced a slight slump due to the Delta variant fear, but we've yet to see if the pattern will hold or if it will simply be a temporary dip.

The recovery momentum that helped S&P/TSX Capped Energy Index grow over 117% (from 2020 slump to 2021 peak) is reflected in oil stocks. Some of them are now trading at an inflated price, but a few might still be attractive buys — if not now, then during the next correction.

The energy giant

Enbridge (TSX:ENB)(NYSE:ENB), with its $78.3 billion market capitalization, is the largest energy company in the country and one of the largest energy "movers" in North America. It uses an extensive network of pipelines spread out across Canada and the U.S. to transport both crude oil and natural gas (among other things), and since this business model relies upon long-term contracts, Enbridge's revenues are partly sheltered from oil price fluctuations.

Still, since it's considered *the* energy stock in the country, the sentiment reflects in Enbridge's pricing nevertheless. But Enbridge is in the spotlight for more than just being the leader of the sector. It's also one of the most generous dividend stocks in the sector and the oldest one by far.

The company is currently offering an excellent yield of 6.8%, and the payout ratio, while still over100%, is impressive compared to its 2020 payout ratio of 330%. The price right now is fair as well. Butif the oil is expected to slump for a relatively long period, you might be able to bag this Aristocrat at amuch more attractive rate and offering a significantly higher yield.

A retail fuel company

While **Parkland** (TSX:PKI) is not an energy company per se, it *is* heavily tethered to oil. It's the largest independent fuel retailer in Canada and the Caribbean countries, and it's expanding its U.S. presence at an incredible pace. The company has another business front — i.e., convenience store chains.

Its presence is most extensive in Canada, with about 1,863 sites to its name (both company and dealer owned). The Caribbean countries host 496 sites, and Parkland has 25 branches in 98 stores in the U.S.

Parkland is also a Dividend Aristocrat and has been growing its payouts for eight consecutive years. The yield of 3.3% is the result of a year-long slump, but the company does offer cyclical, albeit more potent, capital growth potential compared to Enbridge.

Foolish takeaway

The top oil stocks also happen to be Dividend Aristocrats with proven histories and relatively generous payouts. If you want to start a passive-income stream or beef up your dividend portfolio, the two oil stocks will make good additions. And if you can wait for the oil market to slump, you might be able to lock in better yields at more attractive valuations.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:PKI (Parkland Fuel Corporation)

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