3 Energy Rock Stars to Bag as the Sector Soars

Description

The last 12 months have been great for the energy sector. The **TSX energy index** has soared 122%, which is the kind of growth usually associated with tech, but the energy sector has left not just tech but most other sectors in the dust. And the growth momentum is not waning, which is quite surprising, as the world is trying to turn away from fossil fuels at a faster pace than ever.

Whatever the triggers are, there is no denying that the energy sector *is* soaring, and if you want it to help your portfolio take flight, there are a few stocks you might consider buying.

An oil refining company

A lot of energy companies in the Canadian energy sector have exposure to both oil and gas, which offers them some safety net in the form of natural gas's "cleanliness." And even though **Imperial Oil** (TSX:IMO)(NYSE:IMO) is one of them, it leans more heavily towards oil. It's the largest petroleum refiner in the country and has three refineries. One of them is responsible for one-fourth of almost all petroleum products sold in Ontario.

Despite this heavy lean on oil and a decent oil sands portfolio (which can weigh the company down in harsh environments), Imperial Oil stock tended to stay relatively stable. But it *is* riding the momentum of the sector and has already grown about 151% in the last 12 months. Another reason to buy it is its stellar dividend history. It has grown its payouts for 26 consecutive years.

An Alberta-based oil producer

Crescent Point Energy (TSX:CPG)(NYSE:CPG) is relatively lightweight when compared to giants of the industry like Imperial Oil. But that comes in handy when the sector is soaring. The company has seen its stock rise 250% in the last 12 months, and the upward movement continues. It has major assets in two Canadian provinces and one U.S. state. As per the last quarter, southeastern Saskatchewan has been the most productive region for the company.

The company has come a long way down from its glory days. At its peak, it used to trade above $45. During the 2020 crash, the company fell below $1, and if you had bought it then, you would have grown your investment capital by 600% by now.

A retail fuel stock

Parkland (TSX:PKI) offers a different kind of exposure to the energy sector, which is one of the reasons the stock isn't soaring with the rest of the sector right now. In fact, it has seen less than 1% growth in the last 12 months. But there might be a silver lining ahead.

Parkland's main business is fuel retailing, and if the gasoline prices keep rising at their current pace, the company might see a positive impact on its revenues which might trigger more buying activity. Ironically, Parkland was an amazing growth stock before the pandemic. It's also a Dividend Aristocrat that has grown its payouts for eight consecutive years and is currently offering a decent 3.3% yield.

Foolish takeaway

The energy sector is experiencing an amazingly strong bull market, and we have yet to see how far it will go. The problem with oil is that it can sway either way due to some macro factors that are way too unpredictable. Take OPEC countries as an example. Currently, they are maintaining the production quite rigorously, but if they start dumping oil in the market and another surplus starts building, the energy sector might slump again.

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2. Energy Stocks
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3. TSX:IMO (Imperial Oil Limited)
4. TSX:PKI (Parkland Fuel Corporation)
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