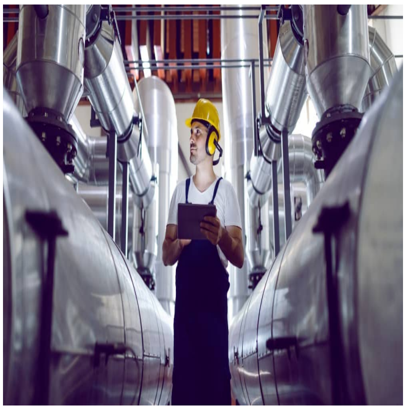

2 Energy Stocks to Buy As Gas Prices Spike

Description

The **S&P/TSX Composite Index** is back above 20,800 points at writing, with the Canadian energy sector leading the way. The surging demand for oil and not enough supply to fulfill it has led to commodity prices rising. The average retail price of gasoline in Canada rose to a new all-time high of $1.45 per liter earlier in October.

Several factors determine the retail price for gasoline, and rising crude oil prices worldwide is the most prominent factor. As the supply and demand prove to be more volatile than usual amid the global economy's resurgence, the developments are making a significant impact on energy stocks trading on the **TSX**.

While you might not appreciate the rising gasoline prices and how it impacts your financials, you can use the situation in the market to your advantage by finding and investing in undervalued stocks from the energy sector benefitting from the environment.

Today, I will discuss two energy stocks you should consider adding to your portfolio as gas prices spike to help you make the most of it.

Canadian Natural Resources

Calgary-based **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) is a $60.97 billion market capitalization giant in the Canadian energy industry that acquires, explores, develops, produces, markets, and sells crude oil, natural gas, and liquified natural gas. If commodity prices are rising to steep levels, companies like Canadian Natural Resources are bound to see a significant boost in their revenues.

The company released its quarterly earnings report for Q2 2021 in August, delivering positive news. Its adjusted funds flow rose from $1.75 billion in the first half of 2020 to $5.76 billion in the second quarter of fiscal 2021. The energy stock is trading for $51.46 per share at writing and is up by 64.88% year to date. Canadian Natural Resources stock boasts a juicy 3.65% dividend yield and it could be the right time to buy its shares before it climbs further.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is one of the most significant entities among Canada's integrated energy companies. The $43.20 billion market capitalization company was struck hard by the impact of the oil price crisis caused due to the pandemic. The changing landscape due to rising energy demand has changed the picture for the battered energy stock.

Suncor Energy is trading for $29.10 per share at writing. It is up by 36% year to date and by 17% month over month. The stock boasts a respectable 2.89% dividend yield, but its real potential for investment returns lies in its ability to deliver significant upside at its current levels. Even after a stellar bull run in recent months, Suncor stock is down by over 35% from its pre-pandemic levels.

It could be the ideal time to add its shares to your portfolio before it resumes its upward trajectory due to rising oil prices.

Foolish takeaway

Energy stocks are rallying amid the oil crisis caused by the volatile supply and demand situation as the world slowly recovers from the impact of a global health crisis. It might not be good news for people struggling with rising costs. However, investors with a keen eye for seeking opportunities can use the current situation to leverage better investment returns in the energy sector.

Canadian Natural Resources stock and Suncor Energy stock are two such assets that you could consider adding to your portfolio if you want to take advantage of rising crude oil prices.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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