2 Energy Stocks That Are Going Gangbusters Right Now

Description

The Canadian energy sector is currently going through its second bull run in the stock market this year. Surprisingly, the renewable energy industry is underperforming the traditional energy sector, as oil and natural gas stocks deliver stellar shareholder returns.

The temporary weakness in the renewable energy sector will likely and gradually make way for stronger returns in the future. Having a decent amount of exposure to the renewable energy sector is crucial for long-term gains. However, right now could be the perfect time to take advantage of a strong performance from oil and gas stocks.

The fundamentals for the traditional energy sector look quite strong, and the industry looks well positioned to sustain the strong momentum throughout the incoming winter freeze and well into next year. If you are just starting investing, getting exposure to both energy sectors could be a viable way for you to enjoy a significant return on your investment.

Today, I will discuss two traditional energy stocks you should consider adding to your portfolio amid the industry's strong performance.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is one of the largest energy infrastructure companies operating in North America. The company boasts an extensive pipeline network that transports a quarter of all the oil produced in Canada and the United States. The $106.49 billion market capitalization company also owns and operates a substantial portfolio of natural gas assets, including transmission, storage, and distribution assets.

The ongoing boom in the oil and gas industry has provided Enbridge stock with a much-needed boost to turn things around after a tough period during the pandemic. The stock is trading for $52.62 per share at writing, boasting a juicy 6.35% dividend yield. Adding its shares to your portfolio could provide you with the benefit of significant dividend payouts and capital gains during the energy sector's bull run.

Cenovus Energy

Cenovus Energy (TSX:CVE)(NYSE:CVE) is an integrated oil and gas company with a $28.99 billion market capitalization. While not as large as Enbridge, Cenovus Energy is still a massive company in its own right. It is Canada's third-largest oil and gas producer, and it is the second-largest company in Canada for refining and upgrading operations. The company also boasts a long history of strong and relatively stable cash flows.

Cenovus also boasts commodity diversity through its operations in oil sands, natural gas, and everything in between. The rapidly rising oil prices have provided the company with a significant boost, and that is reflected in its performance on the stock market. At writing, Cenovus Energy stock is trading for $14.38 per share, and it boasts a 0.49% dividend yield. The stock is up by 81.80% year to date, and it could provide you with further upside in the coming months.

Foolish takeaway

The energy sector was in deep trouble since before the onset of COVID-19 and ensuing restrictions that plummeted demand for the underlying commodities. However, this year has shown that the reduced demand and hardships for the oil and gas industry have come to an end. Today, oil and has stocks are some of the top-performing securities in the stock market.

As business keeps booming in the industry, it might be the right time to find and buy stocks in the energy sector that can provide you with stellar shareholder returns. Enbridge stock and Cenovus Energy stock could be ideal assets to consider for this purpose.

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