



## 2 TSX Energy Stocks to Buy If You Think Oil's Headed to US\$100

### Description

A barrel of oil worth US\$100 would have been absolutely unheard of last year when crude went negative for a brief period of time as supply overwhelmed demand. Today, oil is on quite a rally. While the price of West Texas Intermediate (WTI) has cooled off, falling into the mid-US\$70 range once again, the prospect of US\$100 oil isn't all out of the ordinary. Crude is an incredibly volatile asset, and it could go either way.

Indeed, US\$100 oil seems much likelier than US\$50 oil. Although there are far too many variables to accurately project what the asset's next level will be. In any case, oil is not only an asset that's enjoyed considerable upside momentum, overshooting its 2019 pre-pandemic price, but also one that can help better diversify one's portfolio, as the odds of a market correction look to rise in 2022.

### TSX energy stocks on the ascent

Inflation and a market pullback are real risks. Top **TSX** energy stocks, especially those with well-supported, growing dividend payouts, can help investors improve upon their overall risk/reward. And of course, if oil does shock everyone, blasting off to or even above the US\$100 mark, considerable capital gains potential is also possible.

Yes, oil and fossil fuel plays are unsexy, especially among younger investors, who would rather bet on Bitcoin, a popular alternative asset that's already enriched so many. But for those who seek value and promising risk/reward trade-offs, it's hard to match that offered by the best-in-breed TSX energy stocks at this juncture.

### Suncor Energy

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) probably wouldn't have reduced its dividend last year had it known that such a remarkable rally would have been in store. As the oil rally cools off, I think investors should look to be a buyer of Suncor before the next potential leg up. A US\$100 oil environment will be a tide that lifts all ships in the oil patch. On the flip side, Suncor has a robust enough balance sheet to

make it through another implosion in oil prices. It's resilient beyond belief.

Moving forward, expect Suncor to make a return to its 2020 highs, even with the occasional [fumble](#) in oil prices over the near term. Suncor, the previous king of the Albertan oil patch, could make another run for new heights if all goes according to plan. For now, the stock trades at just a 20-30% [premium](#) to book value.

## Canadian Natural Resources

**Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) is the new Canadian oil king. It's an incredibly well-run and diversified fossil fuel play and one with a dividend that survived the onslaught of 2020. While CNQ shares are pricier than Suncor, the premium is well-deserved, especially with the plausible scenario of US\$100 oil.

In any case, Canadian Natural is a great diversifier, value play, and passive income play; all rolled into one. Like Suncor, CNQ is one of few companies that will be swimming with its trunks on if ever the tides go out on the oil patch, as they did last year. The 4.3% dividend yield is too good to ignore in my books.

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3. TSX:CNQ (Canadian Natural Resources Limited)
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### Date

2025/08/23

**Date Created**

2021/11/28

**Author**

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