



Forget Tech: Here Are Top Energy TSX Stocks to Buy Right Now

Description

Energy stocks have been on fire of late, as crude oil is comfortably trading in the US\$80s. They could see further upside if oil indeed sees US\$100 per barrel, as experts opine. Energy stocks seem to offer a relatively better risk-to-reward ratio considering the unstoppable fall in tech names. Here are some of the top energy TSX stocks that are well placed amid rallying oil and gas prices.

Tourmaline Oil

Tourmaline Oil ([TSX:TOU](#)) is a combination of undervalued stock, decent dividends, and strong earnings growth potential. It has notably outperformed peers, returning more than 125% in the last 12 months.

Interestingly, this could still be a start for Canada's leading natural gas producer. Tourmaline delighted its shareholders with another [special dividend](#) and a decent regular dividend hike last week. It has been flush with cash after rising natural gas prices boosted its financials.

Natural gas still seems to have steam left, given higher demand due to weather and full re-openings. Thus, Tourmaline management expects significant free cash flow growth this year, which should enable more cash distribution among its shareholders.

Energy stocks have been on a roll for a while now. However, they still offer a decent growth potential due to rising oil and gas prices. Tourmaline looks attractive at these prices, even if it is trading close to its record levels. The stock is trading eight times its earnings and looks discounted.

Surge Energy

After having a blockbuster year in 2021, the energy sector seems to be readying for another super year in 2022. Top TSX energy stocks doubled last year, notably outperforming broader markets. One small-cap gem that seems to stand out is **Surge Energy** ([TSX:SGY](#)). The stock has almost doubled in a month, remarkably outplaying bigwigs.

Apart from the supportive oil and gas prices, Surge Energy's upbeat outlook drove the stock higher recently. The liquids-focused energy company expects \$131 million free cash flow this year if oil prices average around US\$75 a barrel in 2022. That's a pretty conservative estimate considering current oil prices and could bode well for shareholder returns.

Surge Energy will repay debt with its excess cash and will likely end 2022 with a strong liquidity position. Thus, investors can expect dividend resumption, probably next year, if energy prices remain favourable.

Surge Energy stock is trading at its 52-week high. The stock looks [undervalued](#) and could continue to soar higher amid soaring energy prices.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is a little late to the party but is vigorously covering the lost ground. The stock has returned 52% in the last 12 months, underperforming TSX energy stocks' average return of 80%.

Suncor doubled its [dividend](#) last year when its liquidity position improved on improving macro picture. It seems well placed in 2022, mainly due to potential full re-openings. Canada's largest oil sands player has significant downstream operations. The segment displayed a noteworthy comeback when COVID-related restrictions somewhat loosened last year. So, it is safe to assume a higher revenue contribution from its downstream segment once travel normalizes in the next few quarters.

Suncor stock is currently trading at a dividend yield of 5.5%, one of the highest across the industry. Investors can expect another dividend hike this year if energy commodity prices continue to rise and give it an earnings boost.

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2. TSX:SGY (Surge Energy Inc.)
3. TSX:SU (Suncor Energy Inc.)
4. TSX:TOU (Tourmaline Oil Corp.)

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