



Crude Oil Could Lose 50% of Value: Invest Here Instead

Description

The price of crude oil continued to drop early this week, falling below US\$100. It's down 20% in the last week alone. This comes after reaching those heights that many thought could be the next growth opportunity.

Unfortunately, crude oil doesn't seem to be the safe haven some hoped for. In fact, anything related to oil and gas seems to be suffering. And these days, there doesn't seem to be any safe place to put your money.

Or is there?

Get out of crude oil

It's never been more clear that crude oil simply isn't where cash will be in the next decade and beyond. The recent Ukraine crisis has proven that in spades. How so? Sanctions on Russia include Russian oil. This is what hiked inflation, with many fearing there will be a need to produce more oil and gas with Russia out of the picture for now.

Now, the Organization of Petroleum Exporting Countries (OPEC+) continues to state that there is no need to produce more and that there is plenty of crude oil to go around. However, even if that is the case for now, it certainly won't be for long. This is why these new nuclear talks with Iran have proven so important as well.

But I digress. Rather than give you a political lesson, let me get down to the main point. Crude oil prices are likely to drop. In fact, some analysts predict it could fall all the way down to US\$50 or even US\$40 a barrel. That would be about half of where it is today.

What to sell

I recently wrote about how the crude oil market has been a volatile one for some time now. In fact, I

recently got rid of my entire stake in **Enbridge** because of this. Sure, the company has a great dividend. But growth has remained pretty stagnant for over five years. Furthermore, even with growth projects, how necessary will they be if we all move to clean energy?

And that's where the focus remains: on clean energy. So far, Enbridge stock simply hasn't made any real moves towards that future. Instead, it's creating renewable natural gas. That's great, except for when all cars go electric, along with anything else that needs power from oil and gas.

That could be why Enbridge stock and other companies still focused on crude oil continue to go down. This includes **Suncor Energy**, which is [down](#) 4% today alone and 12% in the last week as the price of oil drops. Sure, it doubled its dividend back from where it was in 2020, but it's still nothing to scream about. Furthermore, it continues to invest in oil sands, sometimes overpaying. And that's something any energy company can't afford to do right now.

Where should you invest?

I would [recommend](#) clean energy stocks over crude oil these days. In particular, consider clean energy stocks that can provide a diverse range of income sources. That's why today I'd recommend **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) and **Lithium Americas** ([TSX:LAC](#))([NYSE:LAC](#)).

Brookfield is an asset manager holding a huge range of energy projects around the world. Everything from solar to wind farms, the company has it all. And with a global scale, it also means it can keep cash coming in from a variety of sources, no matter what happens. In fact, it recently reported record results, with a 5% distribution increase.

As for Lithium Americas, lithium will quite literally power the future. That's because it's needed in the one place where clean energy can be stored: batteries. Without lithium, a lot of this clean energy future simply won't work. And the company continues to find new places to mine, acquire new companies, and make new deals for investors to look forward to.

Brookfield fell from all-time highs in 2021 but is up 19% in the last month, and it has a dividend yield of 2.98% to boot. Lithium Americas is a bit down in the last month but up 54% in the last year. This comes from a supply shortage. This is a great jumping-in opportunity. So, consider these stocks before you look to crude oil.

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