



Oil to \$150? Buy These 2 Oil Stocks

Description

Energy stocks have become one of the most attractive assets for Canadian investors due to soaring energy demand and rising oil prices for several months. Many of the top energy companies in Canada have improved their operational cash flows because profit margins have skyrocketed across the industry.

Several of the largest oil and gas companies on the [TSX](#) have announced significant dividend hikes because of their improved free cash flows. It appears that the situation could improve further for Canadian oil producers. Oil prices could realistically hit the US\$150 price mark.

Today, I will discuss why that move could warrant adding **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) and **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) to your investment portfolio.

Why oil prices could rise further

WTI crude oil is priced at US\$105.4 per barrel at writing, and there is anticipation that the price could rise further. The international community is seriously considering placing direct sanctions on Russia's energy industry. The U.S. and IEA members have already released millions of crude oil barrels from reserves as a temporary measure to bring down soaring oil prices.

However, Saudi Arabia has just enacted a hike in its oil prices for all buyers. OPEC+ countries are unwilling to budge on predetermined output, despite a surge in demand warranting a boost in production. Combined with a decline in Russian oil exports due to sanctions, oil prices rising to the US\$150 mark could be on the horizon.

Suncor Energy is Canada's largest oil producer, and it has delivered decent returns to its shareholders over the last 12 months. Suncor stock trades for \$47.22 per share at writing, and it boasts a 3.56% dividend yield.

It has been up by 77.12% in the last 12 months, and the sharp rise in its valuation is likely to continue. Such a significant upside in the stock could also result in substantial dividend hikes in the coming

quarters.

Enbridge stock is another major Canadian energy industry player that could benefit from oil prices hitting new heights. Oil and gas supply issues resulting from the Russia-Ukraine war have allowed Enbridge to deliver another year of [stellar performances](#). Enbridge stock trades for \$57.10 per share at writing, and it boasts a juicy 6.02% dividend yield.

The stock is up by 20.69% in the last 12 months, and it could be well positioned to deliver superior returns in the coming weeks.

Foolish takeaway

Oil stocks like Enbridge and Suncor are already well positioned to deliver significant dividend hikes this year. While it remains to be seen how extensive the dividend hikes will be, there might be more good news around the corner for Canadian energy industry investors.

The impending oil price surge once the effects of the reserve barrels being released will not take long to happen. There might be nothing stopping oil prices from hitting the US\$150 mark unless the Russia-Ukraine conflict comes to a peaceful resolution that results in sanctions being lifted from Russia's energy industry.

Suncor Energy stock and Enbridge stock could be excellent assets for Canadian investors to enjoy [boosted dividend income](#) and capital gains.

CATEGORY

1. Energy Stocks
2. Investing

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:SU (Suncor Energy Inc.)

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