2 Top TSX Energy Stocks to Hide From Market Volatility in 2022

Description

There have not been many places to hide from the vicious market correction. Gold, crypto assets, bonds, and even real estate have been turbulent. Surprisingly, TSX energy stocks have been strong in the face of recent market volatility. That's thanks to the surge in the price of oil and gas in recent quarters. With the ongoing conflict in Ukraine, there are reasons to believe that the days of higher oil could stick around for many years.

Billionaire investors have been pounding the table on domestic energy stocks, and I think Canadians would be wise to look to the many oil plays here in Canada. Despite their outperformance, many are still discounting the odds of a "higher for longer" type of energy environment. As such, many hot energy stocks may still be worth chasing after their 2022 rallies.

Eventually, the tides will turn lower again, and energy stocks will be difficult to hang onto. But for the medium term, I'd argue that energy and commodity plays are key to diversifying a portfolio enough to dodge and weave through today's choppy macro environment.

So, without further ado, let's have a closer look at two TSX energy stocks I'd look to buy for diversification purposes and capital upside in 2022 — a year that could finish much lower from current levels.

Cenovus Energy

Cenovus Energy (TSX:CVE)(NYSE:CVE) has been a multi-bagger energy stock if you bought it in 2020. These days, it's hard to get in the way of the $51.3 billion integrated O&G kingpin. Shares are up 160% over the past year and have been little rattled by things troubling the broader TSX Index.

Now, Cenovus stock has been absurdly cheap for a prolonged period of time. This recent surge of outperformance was a long time coming. Moving ahead, I find few reasons to take profits in the name. The company continues to make the most of the situation it was dealt.

Looking to the longer run, the firm's unique steam-assisted gravity drainage approach leveraged at its

Foster Creek and Christina Lake sites could pay even larger dividends. Such efforts could improve operational efficiencies at a time when energy is in high demand. Undoubtedly, the tables are finally in the firm's favour, and it's hard to tell just how high the stock can run.

TC Energy

For those looking for less sensitivity to oil price fluctuations over the near term, **TC Energy** (TSX:TRP)(NYSE:TRP) looks like a bargain bet. Over the past year, shares have slowly but steadily crept higher. Year to date, TRP shares are up nearly 20%. With a juicy 5% dividend yield and a modest 21.5 times trailing earnings multiple, TRP stock looks like a dirt-cheap way for income seekers to make up for lost time.

TC Energy stock won't rocket as fast as Cenovus amid energy price strength. However, it is one of the better ways to give yourself a raise. Looking ahead, look for TC and other midstream players to add to their strength, even as oil fluctuates wildly off today's highs.

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3. TSX:CVE (Cenovus Energy Inc.)
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