



2 of the Best Canadian Midstream Energy Stocks to Buy Now

Description

There's no question that in the current market environment, while most companies are struggling and facing significant headwinds, Canadian energy stocks are some of the best to buy.

After two years of the pandemic, there were already favourable tailwinds for energy stocks. But now, after the sanctions placed on Russia as a result of the war in Ukraine, energy stocks are some of the biggest beneficiaries.

Most investors, when they think of energy stocks, will think of a producer such as a company like **Suncor**.

And while producers will be some of the biggest gainers as oil prices rise, they're also some of the most volatile and highest-risk stocks. These stocks and their performances are tied much more to the price of oil.

So, today, that may be positive, but it's not always helpful. This is why investors may want to look at owning other types of energy stocks as well.

Therefore, if you're looking for some of the best Canadian energy stocks to buy now, here are two that offer exposure but without the volatility of a producer.

One of the best Canadian energy stocks to buy and hold for the long haul

One of the first energy stocks to look at buying anytime you want exposure to energy, but especially in this environment, is **Parkland** ([TSX:PKI](#)). Parkland is one of the best energy stocks to buy now for several reasons.

First, its exposure to rising energy prices and recovering demand offers a tonne of potential. In addition, the stock is also [undervalued](#). Furthermore, Parkland has well-diversified operations that are also significantly defensive.

In addition to its fuel refining and marketing, Parkland also owns tonnes of convenience stores, which typically have robust sales. So, not only can it benefit from rising energy prices, but Parkland is also one of the top stocks to count on while consumers face higher inflation.

At roughly \$36 share, Parkland offers an attractive dividend [yield](#) of 3.6%. In addition, the stock trades at a forward enterprise value-to-EBITDA ratio of 7.7 times — well below its five-year average of 9.1 times.

If you're looking for Canadian energy stocks to buy today, Parkland is certainly one of the best there is.

A well-diversified energy and utility stock

Another high-quality stock that offers investors exposure to energy, but is also a safer business that you can have confidence buying in this environment, is **AltaGas** ([TSX:ALA](#)). AltaGas is one of the best energy stocks to buy because it has incredibly safe utility assets coupled with a unique midstream business.

In recent years, the stock has done a tonne of work to divest its non-core assets and pay down its debt. Now, with AltaGas in a much stronger financial position, it's a high-quality stock to own for the long haul.

In the short run, its significant utility operations will be crucial to ensuring that the stock isn't too volatile, and that much of its cash flow is predictable.

For 2022, AltaGas is expecting to report earnings per share of roughly \$1.80 to \$1.85. That would give the stock a forward price-to-earnings ratio of roughly 16.5 times today.

Plus, over the longer run, AltaGas's midstream segment offers a tonne of growth potential, especially exporting liquified natural gas from its Ridley Island Propane Export Terminal in B.C.

So, while the stock trades undervalued and offers a yield of roughly 3.6%, it's certainly one of the best energy stocks to buy now.

CATEGORY

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