



## 2 Energy Stocks to Buy to Invest in Commodities

### Description

The Canadian stock market has been riddled with volatility this year due to several macroeconomic and geopolitical factors. Inflation rates in Canada reached a record 8.1% in May 2022 before cooling down to 7.6%.

The efforts to cool inflation from the U.S. Federal Reserve and the Bank of Canada (BoC) seem to be paying off. However, there is still a long way to go before inflation lowers to ideal levels. We might see further volatility in the coming months.

Inflationary environments mean higher prices for almost every commodity, making living expenses substantially higher. Investors worried about inflation's impact on their capital might want to consider investing in equity securities that offer them exposure to the performance of these commodities. Buying and holding shares of [energy stocks](#) could be a viable way to achieve this goal.

I will discuss two energy stocks that are trading for attractive valuations and that you can consider investing in today.

### Tourmaline Oil

**Tourmaline Oil** ([TSX:TOU](#)) is a \$25.91 billion market capitalization Canadian energy company headquartered in Calgary. The company is engaged in the exploration, development, and extraction of crude oil and natural gas. It is one of the country's largest natural gas producers, putting it in an excellent position to generate substantial cash flows.

As of this writing, Tourmaline Oil stock trades for \$76.62 per share. It is up by 82.47% year to date, outperforming the broader stock market by a significant margin. It boasts a low debt-to-equity ratio of 3.99, indicating a strong financial position and plenty of room to grow. It could be an excellent investment for your self-directed portfolio for commodity exposure to oil.

## ARC Resources

**ARC Resources** ([TSX:ARX](#)) is another oil and gas operator headquartered in Calgary. The \$11.81 billion market capitalization Canadian independent energy company is engaged in the acquisition, exploration, development, and production of crude oil and natural gas in Western Canada.

The company produces light, medium, and heavy crude oil with a conventional process instead of relying on oil sands to produce synthetic crude oil. It also has significant natural gas liquids and natural gas production operations.

As of this writing, ARC Resources stock trades for \$17.80 per share. It is up by almost 50% year to date, outperforming the broader market, and it looks well positioned to deliver further growth. The company recently reported record earnings, and it does not seem to be slowing down. It also pays its shareholders quarterly dividends at a 2.61% forward annual dividend yield.

## Foolish takeaway

Investing in energy stocks may entail short-term losses due to persistent volatility. However, allocating your investment capital to the right group of high-quality energy stocks with room to grow can set you up for substantial long-term wealth growth.

Suppose you are willing to assume the risk of investing in energy stocks with growth potential. Tourmaline stock and ARC Resources stock can be excellent investments in that case.

Allocating a portion of your [Tax-Free Savings Account](#) to these investments might help you enjoy your investment returns without incurring income taxes on your earnings in the account.

### CATEGORY

1. Energy Stocks
2. Investing

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1. TSX:ARX (ARC Resources Ltd.)
2. TSX:TOU (Tourmaline Oil Corp.)

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1. adamothonman
2. kduncombe

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**Author**

adamothonman

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