



Gold and Energy: Here Are Two of the Best Stocks to Buy Now

Description

Investing in commodities such as gold and energy stocks can seem difficult at times, particularly when prices are so [volatile](#). However, the cyclical nature of commodities and the associated price volatility can create significant opportunities for investors to find some of the best stocks to buy.

In today's environment, gold and energy are being impacted very differently. With interest rates rising rapidly, pushing bond yields much higher than they've been in the last decade, gold has fallen out of favour. Furthermore, with inflation causing expenses to rise, gold companies are already seeing their [margins](#) come under pressure.

On the other hand, energy stocks are experiencing serious tailwinds today. There have been some fears around how a recession could impact the industry, but with stringent sanctions on Russia after its invasion of Ukraine, the energy sector looks as though it will see these tailwinds for some time.

This provides investors with a unique opportunity to find some of the best stocks to buy today. With gold, investors can buy stocks while they're ultra-cheap and out of favour. There's no telling when they might turn around, but gold prices can't stay cheap forever. So, while these stocks are undervalued, they are some of the best to buy now.

In the energy sector, stocks have seen significant rallies so far this year. However, many have also pulled back in recent months. And with tailwinds continuing into 2023, there is a tonne of opportunity for these stocks to continue growing, which is why they are also some of the best stocks to buy now.

So, if you've got cash that you're looking to invest, here are two top stocks to consider within these commodities.

A top energy stock that could continue to rally

Although there are several high-quality energy stocks to buy now, **Prairiesky Royalty** ([TSX:PSK](#)) is one of the best to consider.

The company owns roughly 18 million acres of land in Western Canada, which other energy companies use to produce oil and gas in exchange for a royalty.

In the current environment, this stock is earning plenty of free cash flow and is in an excellent financial position. Plus, if the environment were to improve and energy prices were to rise, Prairiesky could enjoy some significant upside.

With the energy stock rally pausing throughout the summer, Prairiesky now trades slightly off its high, just below \$19 per share. It also offers a [yield](#) of more than 2.5%.

However, analysts covering Prairiesky have set an average analyst target price of more than \$25. That's a roughly 30% premium compared to where it trades today.

So, if you're looking for an energy stock that can benefit from industry tailwinds while remaining resilient through energy price pullbacks, Prairiesky Royalty is one of the best to consider.

One of the best gold stocks to buy now

With the major selloff in gold this year, there are plenty of opportunities for long-term investors to consider. A stock that should be at the top of your watchlist is **Kinross Gold** ([TSX:K](#))([NYSE:KGC](#)), one of the few senior gold producers in Canada.

With a market cap just north of \$6 billion, Kinross is a major gold producer with operations and projects in the United States, Brazil, Mauritania, Chile, and Canada.

It's not the lowest-cost producer you can buy, but it does have below-average costs, and the company's diversification helps to reduce risk. Now is an excellent time to buy Kinross after the industry-wide selloff in stocks and the company's underperformance in the first half of 2022.

Underperformance was due to several factors including the fact that Kinross exited Russia after the invasion of Ukraine, and also faced cost pressure from inflation. In the second half of this year, the company is expected to mine much higher grades which will substantially increase its production.

Therefore, it's not surprising that Kinross' average analyst target price of \$8.03 sits roughly 70% higher than where the stock trades today. So, if you're looking to buy gold stocks on the dip, Kinross is one of the best to consider now.

CATEGORY

1. Energy Stocks
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3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:K (Kinross Gold Corporation)
3. TSX:PSK (PrairieSky Royalty Ltd.)

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