



## 2 Top Energy Stocks to Buy Right Now

### Description

Energy stocks are starting to move higher again after the recent pullback. Investors who missed the big rally in the first half of the year are wondering which TSX [energy stocks](#) are undervalued and good to buy today for a [Tax-Free Savings Account \(TFSA\)](#) or [Registered Retirement Savings Plan \(RRSP\)](#) portfolio.

### Suncor

**Suncor** ([TSX:SU](#)) trades near \$46 per share at the time of writing compared to \$53 in June. The stock has underperformed its peers in the past two years, but that could change heading into 2023.

Suncor's new chief executive officer is monetizing non-core assets and doubling down on oil production. The company has an agreement in place to sell its solar and wind facilities for \$730 million. These funds will be used to cover a good chunk of the just announced \$1 billion deal to buy another 21.3% stake in the Fort Hills oil sands facility.

Suncor is also evaluating the potential sale of its retail operations that include roughly 1,500 Petro-Canada locations. This is the result of pressure put on the company last year by an activist investor who wants management to unlock value through asset dispositions. Analysts estimate the retail operations could fetch as much as \$11 billion.

Suncor is using excess cash to buy back up to 10% of the outstanding stock under the current share-repurchase program. Management is also reducing debt. As net debt continues to fall, investors should see additional dividend increases and bonus payouts. The base dividend currently offers a 4% yield.

### Canadian Natural Resources

**Canadian Natural Resources (TSX:CNQ)** trades for \$81.50 per share compared to the 2022 high around \$88. The company is Canada's largest oil and natural gas producer with a current [market capitalization](#) of \$90 billion.

CNRL has a balanced mix of production assets that includes oil sands, conventional heavy oil, conventional light oil, offshore oil, natural gas, and natural gas liquids operations. The company is best known for oil production, but CNRL has a significant natural gas division with extensive land and resources in key production basins. Natural gas prices are expected to remain elevated for several years due to rising international demand for liquified natural gas (LNG). Countries around the globe are searching for reliable sources, and new LNG facilities being built in British Columbia will give producers access to foreign buyers.

CNRL raised its dividend in each of the past 22 years and has provided investors with a compound annual dividend-growth rate of 22% for two decades. The board increased the quarterly distribution by 28% for 2022 to \$0.75 per share. CNRL is also paying out bonus dividends based on the net cash position at the end of each quarter. The company gave investors a bonus of \$1.50 per share in August.

The base dividend currently provides a 3.7% dividend yield.

## The bottom line on top energy stocks

Suncor and CNRL both pay attractive dividends that should continue to grow. The stocks appear undervalued at the current oil price and should deliver solid total returns. If you have some cash to put to work, these stocks deserve to be on your radar.

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:SU (Suncor Energy Inc.)

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