2 No-Brainer Oil Stocks (With Dividends) to Buy Before 2023

Description

The Canadian stock market has seen a sharp pullback in 2022. Despite the economic concerns-driven market turmoil, the energy sector has been among the top performers this year, as rising geopolitical tensions and supply concerns largely kept crude oil prices soaring. While fears of a moderate recession in the short term have driven oil prices downward lately, I expect prices of energy products to recover sharply in the coming months, even if the demand doesn't see any further increase as supply concerns have not subsided yet. Given that, a recent dip in oil stocks could be an opportunity for long-term investors to buy them at a big bargain before 2023.

In this article, I'll highlight two of the best Canadian oil stocks you can buy now.

Suncor Energy stock

Sliding oil prices have trimmed the gains of **Suncor Energy** (TSX:SU) stock by 17% in the last six months. Nonetheless, it still continues to be among the top-performing Canadian energy stocks this year with its solid 32% year-to-date gains. The stock currently trades at $41.73 per share and has a market cap of $56.3 billion. At this market price, it offers a decent 5% dividend yield.

In recent years, Suncor Energy has increased its focus on optimizing its assets and production efficiency to save costs and increase profitability. These factors, along with a strong commodity price environment, have helped it post outstanding financial growth. In the September quarter, Suncor's total revenue rose by 47% year over year, while its adjusted earnings jumped by 169% from a year ago.

While growing macroeconomic challenges might pressurize its profitability in the near term, its long-term growth outlook remains strong due mainly to its focus on asset value maximization and its strong consumer network. Apart from Suncor's healthy dividends, its stock also has the potential to deliver strong capital gains on your investments in the long run.

Enbridge stock

In tough economic times, businesses face big challenges, and many of them even slash their dividends to save money to invest in growth. But thankfully, not all businesses do that. While no one can guarantee the future, **Enbridge** (TSX:ENB) has stood out from many of its peers for decades by consistently raising its dividend for 27 years in a row, irrespective of economic and market cycles. Given that, it could be a great oil stock to add to your portfolio for the long term.

The company has a market cap of $107.7 billion, as its stock trades at $53.18 with 7.6% year-to-date gains. At the current market price, it offers a very attractive 6.7% annual dividend yield.

In the five years between 2016 and 2021, Enbridge's revenue grew by 36.2% while its adjusted earnings rose by 21.2%. During the same period, the company increased its dividends by a solid 58%. This energy transportation giant's strong financial position can help it maintain this strong financial growth trend intact in the coming years, as it remains focused on revenue diversification by exploring new opportunities in renewable energy and oil export segments. Given these positive factors, you can expect its dividend growth to continue and its stocks to inch up further.

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