Sitting on Cash? These 2 TSX Stocks Are Great Buys Today But Won't Be Forever

Description

The Russia-Ukraine War has gravely affected the global energy sector, as both of these countries are important sources of oil and energy. Accordingly, finding top TSX stocks in the energy sector can be a way for investors to put some cash to work for near- to medium-term returns.

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This energy bull market may be in its later innings, considering how inflation is expected to come down in the coming months. Central banks around the world continue to hike interest rates. This should hurt demand for energy, if a self-inflicted global recession does take hold.

So, why invest in energy stocks? Well, some top TSX names in this sector certainly provide excellent long-term exposure to a sector that has actually seen pretty meaningful (if not volatile) growth over time.

Let's dive in.

Top TSX stocks to buy: Algonquin Power

Algonquin Power & Utilities (TSX:AQN) is one of the most actively traded stocks in the Toronto Stock Exchange in the utilities category. However, this stock has utterly disappointed its shareholders and investors with a dip of over 30% in the previous month.

Algonquin is known to be a less-volatile and a slow-paced stock compared to other companies in the same category. Additionally, this company's dividend yield is what attracts many investors. However, given the company's recent massive decline, AQN stock now yields an impressive 9.9%, putting this stock in the category of companies many think may have to slash its dividend.

The company's recent earnings report provided little for investors to get excited about. Citing various macro headwinds, the company reduced its forward guidance. Accordingly, investors saw fit to move to other areas of the utilities/energy market.

That said, as a long-term holding, AQN stock is now very attractive at these levels. After this sharp selloff, this is a stock I think could be well positioned for a nice rally next year, as investors seek more defensive exposure.

Suncor Energy

In recent news, **Suncor Energy** (TSX:SU) has been removed from the list of RBC Capital Markets' global energy best ideas as this Canada-based energy company is facing internal challenges. Much like Algonquin, Suncor's performance over the past month has been less than stellar.

That said, as with Algonquin, I think Suncor is a top TSX stock worth considering on this dip. That's because the company's position as the largest energy producer in Canada should be viewed as a positive, given concerns around energy security globally. Despite weaker oil prices of late, I think 2023 could set up to be a less-volatile year, which should boost the company's fundamentals.

Much of the weakness around Suncor of late is tied to expert predictions that improvements in the company's Fort Hills mine in northern Alberta may be difficult and expensive. While higher costs may lower productivity in the near term, I think over the long term, these investments will pay off.

Thus, Suncor is a company that's divisive, with investors' views largely shaped by their time horizon. For short-term investors, perhaps there's not a lot to like about this company right now. However, longer-term investors may want to consider the company's discount as a reason to buy. I'm in the latter group.

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2. TSX:SU (Suncor Energy Inc.)

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