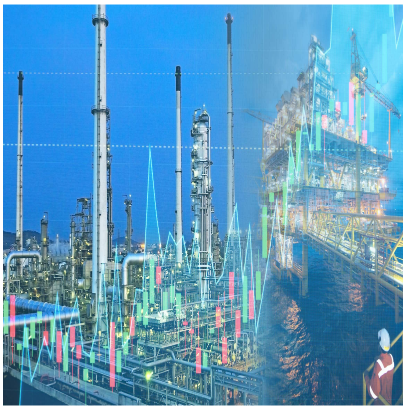

Screening Canadian Energy Stocks? Here’s Your Best Bet for 2023

Description

Energy stocks outperformed the market last year. Some experts believe the outperformance could continue this year. If you’re screening Canadian energy stocks, looking for an opportunity, here’s your best bet.

Tourmaline Oil

Despite what the name suggests, **Tourmaline Oil** (TSX:TOU) is actually more of a natural gas company. It was also one of the top performers last year. The stock has delivered 116% in total return (price + dividends) in 2022. Robust management coupled with a surge in natural gas prices helped the team generate $2.7 billion in free cash flow over the past 12 months.

However, the price has dipped recently. Tourmaline lost 16.5% of its value over the course of December. That’s because natural gas prices dipped as Europe’s energy crisis failed to materialize. The continent bulked up its inventories while the ongoing winter is milder than expected. As a consequence, natural gas prices fell from US$9.60 in June to just US$4.47 today.

Some industry insiders believe natural gas prices could rebound sharply in 2023. However, I believe Tourmaline is undervalued even at current levels. The stock trades at a price-to-earnings ratio of only 5.4. It’s cheap even if earnings are cut in half this year.

That’s what makes Tourmaline an ideal target for investors this year. This could be one of the best Canadian energy stocks of 2023. Keep an eye on it.

Other Canadian Energy stocks

Tourmaline isn't the only oil and gas stock that should be on your radar. There's plenty of other alternatives. After all, the energy sector accounts for roughly 9.5% of the nation's economy. Investors can pick mature energy companies with high dividends, oil drilling software providers, or small-cap exploration companies to add to their portfolio.

However, I believe energy infrastructure companies like **Enbridge Inc.** (TSX:ENB) deserve a special mention here. You see, owning the pipes that transport energy is a much more reliable business model than selling energy. As long as the *volume* of energy demand is increasing, pipeline operators can expect steady growth.

Enrbidge owns and operates the largest network of oil and gas pipelines in North America. Over the years, this network has expanded alongside the growing demand for energy on this continent. Now the expansion is also aimed at transit terminals that send energy to Europe.

Put simply, the company has plenty of revenue runway ahead of it.

Enbridge offers a 6.7% dividend yield. Management expects dividends to grow 5% to 6% annually for the next few years. The team has already delivered annual dividend growth for the past 26 years. That's why this energy stock deserves a spot on your list alongside Tourmaline.

Bottom Line

Oil and gas prices are still relatively high and the global shortage persists. If you're looking for Canadian energy stocks well-positioned for growth this year, add Enbridge and Tourmaline to your watch list.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:TOU (Tourmaline Oil Corp.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. cleona
2. vraisinghani

Category

1. Energy Stocks
2. Investing

Date
2025/08/13
Date Created
2023/01/03
Author
vraisinghani