



2 Top Ways to Invest in Oil Stocks in January 2023

Description

The war in Europe and the ban on oil and gas imports from Russia acted as a catalyst that helped to maintain the higher valuations of oil stocks. This is one reason why oil and natural gas stocks performed so well in 2022.

However, long-term energy investors can start including renewable energy stocks in their portfolios, as the global economies begin moving towards renewable, clean energy. Many experts believe oil and gas demand will stay high this year. This should help the energy sector continue to perform well in 2023. Thus, I think these two top oil stocks are worth a look to kick off the new year.

Top oil stocks: Enbridge

Enbridge ([TSX:ENB](#)) is a leading Canadian energy company. Its Mainline is used by American refineries, and controls over 70% of Canada's takeaway oil capacity. Over 80% of Enbridge's earnings, according to analysts, are insulated from inflation. This is due to the company's sizeable gas utility business in Ontario, and a tiny but expanding renewables section dealing with solar and wind energy.

Enbridge stock has been hovering around the \$40 level for some time. With a forward price-to-earnings ratio of 17 times, this stock is what I would call reasonably valued. However, the company's dividend yield of [6.7%](#) is noteworthy. This meaningful [dividend yield](#) can pay investors to be patient. In this market, that's worth a lot.

Suncor

Value investors are drawn to **Suncor Energy** ([TSX:SU](#)), a weighty Canadian oil and gas firm, as a result of its recent dividend increase, which increased the stock's dividend yield to 4.8%. Additionally, they appreciate Suncor's sizable buyback program, which accounts for around 7.3% of its \$42.3 billion market value.

Because the company provides a total yield of roughly 12% each year, which includes dividends and

buybacks, value investors like this stock. Interestingly, the company's recent cash flow numbers have allowed Suncor to repurchase stock — a lot of stock. The company's recent repurchase of \$1 billion in common equity in the third quarter is just another way capital is being returned to shareholders.

Looking at the last two quarterly financial reports in particular, this energy firm has enjoyed a fantastic run of exceeding profit projections. I think that's likely to continue well into 2023.

Bottom line

Investors who look forward to stable dividend earnings and portfolio growth can definitely invest in these two top oil stocks in 2023. We may see some oil price fluctuation over the next year. However, the valuations of these companies remains very cheap. Thus, significant earnings declines appear to be already priced into these high-quality companies right now

CATEGORY

1. Energy Stocks
2. Investing

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2. TSX:SU (Suncor Energy Inc.)

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chrismacdonald

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