

10 energy stocks and ETFs to watch in 2026

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Key takeaways

Energy has been a standout in 2026: higher oil and gas prices, tighter supply and geopolitical risk have supported strong cash flows, dividends and share buybacks across the sector.

After the rally, quality matters more: commodity prices can lift almost every producer, but strong balance sheets, low production costs and disciplined spending become more important when conditions turn less supportive.

There is more than one way to get exposure: individual stocks can offer different mixes of income, valuation and commodity sensitivity, while energy ETFs can spread risk across companies and regions.

Energy has been one of the strongest parts of the market in 2026, supported by higher oil and gas prices, tighter supply and renewed geopolitical risk. For investors, the attraction is clear: many energy companies are generating strong cash flows, paying healthy dividends and returning capital through share buybacks.

But the sector also comes with an important catch. Energy profits are heavily influenced by commodity prices, which companies do not control. High oil prices can lift almost every producer, while a sharp fall can quickly pressure earnings, dividends and share prices. After a strong rally, valuation also matters more. Some companies still trade at relatively modest earnings multiples, while others now price in a more supportive environment.

The key is therefore to look beyond the oil price itself. Balance-sheet strength, low production costs, disciplined spending and sustainable dividends matter more over a full cycle. Diversified energy ETFs can also reduce the risk of relying too heavily on one company or region.

Energy can still offer income, inflation protection and exposure to global demand. But after such a strong run, investors should focus less on chasing the theme and more on identifying which businesses can still perform when conditions become less favourable.

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