



## How an Investment in Canadian Oil Sands Ltd. Could Double in 5 Years

### Description

Oil prices have fallen to a two-year low but this is no cause to panic. With oil's low price comes plenty of opportunities, and if you look at history, one opportunity is for **Canadian Oil Sand Ltd.'s** (TSX: COS) stock to double in a short time frame.

#### Canadian Oil Sands tracks oil prices

Canadian Oil Sands' stock price has historically tracked the price of oil very closely. When you compare a chart of oil prices to Canadian Oil Sands' stock over the past 10 years, this pattern is readily apparent. When oil prices are relatively high, so is Canadian Oil Sands' stock, when oil prices are low, Canadian Oil Sands' stock is also low.

For example, back in 2008 when oil prices were extremely lofty at over \$140 a barrel, Canadian Oil Sands stock peaked at \$38.30. When that bubble popped and oil fell to \$40 a barrel during the recession, the stock followed and bottomed out around \$18.40. Oil corrected again and almost hit \$120 a barrel in 2011 around the same time Canadian Oil Sands' stock reached \$33.73. Now, with oil prices trading around \$82 a barrel, Canadian Oil Sands' stock is at about \$17.70

#### Oil prices poised for a rally

U.S. crude is currently trading just above \$82 a barrel, under pressure by increased supply from the U.S. shale boom and declining demand. While it is hard to predict exactly what oil's bottom will be, many analysts expect that in the coming years oil will stage a recovery as some shale production is about to become uneconomical at the current selling price of oil. In fact, one of the world's best oil analysts — who correctly predicted the 2008 oil bubble — thinks that the shale oil boom will end up as a disappointment. This analyst, Andrew John Hall, sees oil rising to \$150 a barrel in the next five years.

#### Canadian Oil Sands' upside potential

Historically, when you compare a cycle of oil prices from trough to peak, Canadian Oil Sands' stock has more than doubled. Assuming that oil prices are about bottom now, that implies that the stock will more than double over the next upswing, and according to Andrew John Hall's analysis on the oil

market, that doubling will happen over the next five years.

### Is now the time to buy?

Everyone has heard of the old adage: “buy low, sell high,” but as simple as the rule sounds, the fact is that it is very difficult to follow. Part of this reason is fear and greed. When the price of a stock or commodity falls, investors want to hold out for lower prices. Then, when prices climb and the smallest piece of data comes to light that suggest a correction is in order, investors panic and sell their positions.

The other factor that makes it difficult is that it is basically impossible to predict the lowest and highest point of value for any investment. However, as long as you get in the ballpark you have the potential to make a great deal of money. Right now the signs are indicating that the oil market is near bottom, therefore it is a good time to get into an investment such as Canadian Oil Sands to prepare for some strong returns.

Canadian Oil Sands is a great investment pick, but if you are looking for more opportunities in energy stocks, here are two great choices.

### CATEGORY

1. Energy Stocks
2. Investing

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