



## Why Baytex Energy Corp. Just Jumped 40%

### Description

**Baytex Energy Corp.** ([TSX:BTE](#))(NYSE:BTE) rose from \$4 per share on October 2 to more than \$5.60 per share on October 6, clocking in a staggering 40% gain in just three trading sessions.

The market certainly didn't expect the dramatic turnaround, and investors are wondering if the rally will continue.

### Employment numbers and oil rumours

The stock started to rise at the end of last week as money began a broad-based move back into commodity names.

The shift in sentiment came after a disappointing employment report in the U.S. threw cold water on the idea that interest rates are imminently headed higher. This put pressure on the American dollar, which sparked a move into commodities, including oil.

The oil rally continued through Monday and really got a shot in the arm on Tuesday when rumours hit the market that OPEC and Russia might be in talks to stabilize oil prices. A forecast for strong demand and tighter supplies in 2016 also helped encourage the bulls.

### Takeover season

Rising crude prices certainly helped, but the biggest boost might have been caused by a bout of takeover fever triggered by **Suncor Energy's** unsolicited bid for **Canadian Oil Sands**. The all-stock deal works out to be a 43% premium over the pre-bid closing price and about 35% higher than the stock's 30-day average.

Baytex isn't an oil sands player, but it is a very beaten-up energy name with attractive assets. Investors might have decided to get ahead of the curve just in case the Suncor bid is the starting gun for a massive wave of consolidation in the Canadian oil patch.

## More gains ahead?

Energy players thought the rout had ended this spring when WTI oil rallied back above \$60 per barrel. As we all know, things reversed course in a big way through the third quarter, and the latest pop might be a short-term speed bump on a downhill ride that has further to go.

## Should you buy?

Baytex owns an attractive portfolio of properties, including the Eagle Ford assets it acquired in June of last year. A buyout could be in the cards, although investors probably shouldn't buy the stock on that hope.

If you think oil prices have bottomed, Baytex is a reasonable contrarian bet, but the market still looks volatile and a quick reversal is certainly possible. I would stay on the sidelines for the time being.

## CATEGORY

1. Energy Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:BTE (Baytex Energy Corp.)

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