# Crescent Point Energy Corp.: Is it Finally Time to Buy This Stock?

## Description

**Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) is down more than 10% from the December highs.

Let's take a look at the former dividend king of the oil patch to see if it should be in your portfolio right now.



**Oil market**

Oil prices received a nice boost in the wake of the late-November OPEC deal. But the rally has stalled out, and oil stocks are giving back much of the post-announcement gains.

What's up?

OPEC members and a handful of other producers agreed to reduce oil production beginning January 1 with the target of cutting output by 1.2 million barrels per day through the first half of 2017.

Saudi Arabia is leading the charge and doing its best to convince the market that OPEC's reductions will occur as expected, but the oil giant might be fighting an uphill battle.

Why?

Pundits have their doubts that OPEC will actually meet the targets, but even if the group does manage to deliver the production cuts promised, the efforts might not be enough to drive prices significantly higher.

Non-OPEC member Russia has agreed to help, but Russian production in December was near a 30-year high, and early reports say the country has only reduced output by about 100,000 barrels per day as opposed to the 300,000-barrels-per-day target.

On the other side of the pond, American production is rising again on the improvement in oil prices, and that could offset any supply cuts from global producers. In June, the U.S. produced about 8.5

million barrels of oil per day. One report suggests the current level is close to nine million.

As a result, oil prices might have a tough time breaking above the recent highs without a meaningful drop in global supply.

**Is Crescent Point attractive?**

Crescent Point is positioned well to benefit from any further gains in the oil market.

The company has reduced expenses significantly over the past two years, while increasing production.

With oil prices now at more profitable levels, Crescent Point has increased its spending plan to $1.45 billion for 2017. This should generate a 2017 exit production rate of 183,000 barrels of oil equivalent per day (boe/d), which would be about a 10% increase over the 2016 level.

Crescent Point has an attractive resource portfolio, a strong liquidity position, and flexibility to make strategic acquisitions if oil falters or ramp up development spending if prices rise.

I wouldn't back up the truck given the potential for lower near-term oil prices, but Crescent Point might be worth a contrarian bet on further weakness.



**CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

**TICKERS GLOBAL**

1. NYSE:VRN (Veren)
2. TSX:VRN (Veren Inc.)

**PARTNER-FEEDS**

1. Msn
2. Yahoo CA

**Category**

1. Dividend Stocks
2. Energy Stocks
3. Investing

**Date**
2025/09/02
**Date Created**
2017/01/18
**Author**
aswalker