# Is Crescent Point Energy Corp. Oversold Right Now?

## Description

**Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) continues to trade near its multi-year lows.

Let's take a look at the former dividend star of the energy patch to see if it deserves to be on your buy list.



**Price disconnect**

At the time of writing, Crescent Point trades for about $15 per share, and WTI oil is selling at US$53.50 per barrel. A year ago, Crescent Point was worth more than $18 per share, and WTI oil traded at US$47 per barrel.

Based on those numbers, it appears Crescent Point was either too expensive last year or the current price is a good deal, even when we take last September's $650 million stock issue into consideration. This would have some impact, but not enough to justify the big difference.

If production were falling, it would make more sense, but the company expects to exit 2017 with average daily output that is about 10% higher than last year.

Debt issues would be another reason to make the market less optimistic, but Crescent Point's balance sheet is in decent shape, and the company has ample financial flexibility to ride out another downturn.

So, what's going on?

**Trump and supply fears**

Part of the reason Crescent Point and a number of its peers have fallen in recent months might be connected to fears about President Trump's possible border tax.

Pundits say a tax is not guaranteed, and if it comes, the energy sector might be exempt. In February, **Suncor Energy** CEO, Steve Williams said he thinks the probability of a border tax is very low.

In addition to the Trump uncertainties, investors are trying to decide if OPEC's efforts to reduce output and drive up prices can succeed. The group, along with a handful of non-members, including Russia, have agreed to reduce production by 1.8 million barrels of oil per day through June.

Saudi Arabia recently said it supports an extension of the pact beyond that time frame.

Some analysts don’t think OPEC and its partners will hit their reduction targets, and even if they do, rising U.S. production might be enough to cap any meaningful rise in oil prices.

**Should you buy Crescent Point?**

Crescent Point has a stable balance sheet, growing production, and an impressive resource base. The current dividend should be safe and offers a 2.4% yield.

If you are positive on oil, it might be worthwhile to take a small position in this producer while the stock is still out of favour.

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**Date**
2025/09/02
**Date Created**
2017/04/13
**Author**
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