



2 Canadian Oil Stocks That Could Soar

Description

Contrarian investors are wondering which Canadian oil producers might be on the verge of a big rebound, especially after WTI oil jumped 5% last week.

Let's take a look at **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) and **Cenovus Energy Inc.** (TSX:CVE)(NYSE:CVE) to see why they might be interesting picks.

Crescent Point

Crescent Point used to be a dividend darling in the Canadian oil patch, but the extended rout in the market forced the company to reduce its monthly payout from \$0.23 per share to \$0.10, and then again to \$0.03, where it now stands.

The stock traded for \$40 just three years ago. At the time of writing, contrarian investors are picking it up for \$9 and collecting a 4% yield.

Crescent Point's balance sheet remains in decent shape, and the company is targeting 2017 exit production that should be 10% above last year's level.

In the Q2 2017 report, Crescent Point said it has no near-term debt maturities and still has unused available credit capacity of \$1.5 billion.

If oil prices can recover through the end of this year and into 2018, the existing dividend should survive, and investors could be looking at a nice pop in the stock price.

Cenovus

Cenovus spent \$17.7 billion earlier this year to buy out its oil sands partner, **ConocoPhillips**.

The deal seems like an obvious move at first glance. Cenovus already operates the facilities and just doubled its production and reserves on assets it knows very well.

In addition, Cenovus picked up attractive properties in the growing Deep Basin plays in Alberta and

British Columbia.

The makert didn't see the deal in a positive light, however, and the stock has taken a big hit this year as a result.

What's the scoop?

Cenovus took a large bridge loan to cover the acquisition, while it searches for buyers of non-core assets.

The company just announced a deal to sell its Pelican Lake operations for \$975 million. Analysts say the price is at or above their expectations, so the other sales might actually be priced high enough hit the \$4-5 billion Cenovus wants to generate from the distributions.

The stock is already up more than 15% in the past month, and more gains could be on the way.

The bottom line

Oil producers have taken such a beating that any sustained uptick in the commodity price could trigger a surge of money back into the sector.

If you think an oil rally is in the works, it might be worthwhile to take a small position in these two companies while they remain out of favour.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:VRN (Veren)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:VRN (Veren Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Energy Stocks
2. Investing

Date

2025/08/02

Date Created

2017/09/20

Author
aswalker

default watermark

default watermark