



3 Oil and Gas Stocks to Buy as Oil Prices Rise

Description

The price of oil has been strong lately as West Texas Intermediate has been able to stay above \$50 for the first time in months and Brent oil is coming off a two-year high. It's easy to get caught up in the optimism that prices are increasing, and that the disruption caused by Hurricane Harvey will lead to a long-term price increase. However, investors should be careful with this type of rhetoric, as oil prices have not been able to build on any consistency or momentum this year.

If crude prices continue to increase, then it might be a sign that the recovery could be gaining momentum, and it would be a good time to load up on the oil and gas stocks listed below.

Cenovus Energy Inc. ([TSX:CVE](#))([NYSE:CVE](#)) has seen its stock decline 38% year to date, and after reaching all-time lows, the share price has seen a recovery after the company sold assets to bring down its debt load, which saw a jump after the company's controversial asset purchase from **ConocoPhillips** earlier this year. In the past month, the stock has soared 32%, and it looks like there could be even more room for the share price to grow.

Cenovus has a strong presence in the oil sands and effectively doubled down on its presence with the ConocoPhillips asset purchase, and the company is setting itself up to be a big benefactor of increasing oil prices. With the company focused on lowering its debt, that will only reduce the risk associated with the investment while still creating a lot of potential upside for investors. In the company's most recent quarter, it showed terrific year-over-year sales growth of 47%, and it might only be a sign of things to come.

Pembina Pipeline Corp. ([TSX:PPL](#))([NYSE:PBA](#)) has recently announced that it will be increasing the capacity of its Phase V pipeline expansion project, where it will add 45,000 barrels per day, enabling it to transfer as much as 305,000 barrels daily. Operations on the pipeline are expected to begin late next year.

Pembina has been steadier than Cenovus, as the company has not been surrounded by as much negative press, so the stock has been able to generate positive year-to-date returns of 5%, and it too has seen a bit of a bump the past month with its share price rising 11%. The company saw a 14%

sales growth in its most recent quarter, but higher oil prices combined with more capacity next year could result in a very strong 2018 and 2019 for Pembina.

Baytex Energy Corp. ([TSX:BTE](#))(NYSE:BTE) is a smaller producer in the industry, but the company saw very strong sales growth of 40% in its most recent quarter as it had a 5% increase in production from the previous quarter. The company's top line has been significantly cut since 2014 when it had over \$1.5 billion in sales, down to just \$601 million in its most recent fiscal year.

The stock is more of a value investment, as its share price has also declined 40% in 2017, but it too has seen a recovery this past month with the stock rising 25%. Although Baytex is smaller than the other two companies here, it still presents excellent upside should oil prices rise.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BTE (Baytex Energy Corp.)
4. TSX:CVE (Cenovus Energy Inc.)
5. TSX:PPL (Pembina Pipeline Corporation)

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