



Betting on the Oil Run? Buy These 4 Stocks

Description

Oil prices retreated marginally on September 27 after entering a bull market the previous day. Information on U.S. inventories is expected to be released the first week of October, and some analysts are expecting a pullback in oil as production should have ramped up after refineries recover from Hurricane Harvey.

September has seen oil prices reach highs not seen since the late spring this year. Turkish president Tayyip Erdogan threatened to “close the valves” in the wake of the Kurdish independence vote in Iraq, which also boosted oil prices in the past week.

After experiencing some of its lowest prices since early 2016 this year, the rise in oil has sparked optimism in Canadian energy companies. Let’s look at four that investors can target in this bullish environment.

Suncor Energy Inc. ([TSX:SU](#))([NYSE:SU](#)) has risen 10.6% month over month as of close on September 27. President and CEO Steve Williams was enthusiastic about Canadian oil sands in a recent interview. “In 100 years’ time, the oil sands will still be being developed and still operating,” Williams said. Some view this as an optimistic outlook, especially with green-energy commitments being made by current governments.

In any case, Suncor has shown remarkable strength since early July. The stock also offers a solid dividend of \$0.32 per share, representing a 2.9% dividend yield.

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) stock has increased 2.1% in the past month. Enbridge finds itself in yet another battle with regulators as Minnesota holds public hearings on whether or not the company will be able to proceed with the replacement of its Line 3 oil pipeline. Significant protests from environmentalists and Indigenous rights activists will accompany the hearings.

Enbridge stock has struggled in 2017 amid the aforementioned regulatory battles. It has declined 8.9%, but it still boasts a strong dividend of \$0.61 per share with a 4.7% dividend yield.

Canadian Natural Resources Limited ([TSX:CNQ](#))([NYSE:CNQ](#)) shares have jumped 10.7% month

over month. In early September, Canadian Natural Resources purchased **Cenovus Energy Inc.'s** Pelican Lake project for \$975 million. The asset gives Canadian Natural Resources access to an asset that produces about 20,000 barrels of oil per day. This is the second big purchase from the company this year after the \$12.7 billion acquisition of oil sands production from **Royal Dutch Shell** and **Marathon Oil Corporation**.

The stock also offers a dividend of \$0.28 per share, representing a dividend yield of 2.5%.

Spartan Energy Corp. (TSX:SPE) has spiked 25.6% month over month. Spartan Energy reported a big bump in production when it released its second-quarter results in August. The company posted record production, an increase of 143% from Q2 2016.

Spartan Energy has declined 33% in 2017. It is the riskiest play in this article, as it boasts no potential for income, and if oil slips below \$50 again, the stock will have a difficult time breaking through to levels it experienced in 2016. Investors who are confident that this oil rally will be more robust than the last can scoop up Spartan Energy as a stock with potential for big growth.

CATEGORY

1. Energy Stocks
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Author

aocallaghan

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