



The Best Opportunities in the Sector as Oil Heads to US\$55 Per Barrel

Description

Early on Monday morning, shares of **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) increased by more than 7% to a price in excess of \$10.10 per share. As this is considered a big move to many investors, it is worth noting that it is not necessarily anything out of the ordinary in the oil sector. In fact, many oil companies may be ready to [move substantially higher](#).

As oil has continued to show support at the US\$50 price per barrel and is now trending upwards, there is a chance for the price per barrel to reach and surpass US\$55 per barrel. Given the renewed strength of the commodity (and potentially due to the colder weather), investors are once again experiencing gains across the board in the sector. Depending on the risk profile of each investor, there may be a lot of money to be made from various investments in this sector.

With **Inter Pipeline Ltd** (TSX:IPL) and **Pembina Pipeline Corp** ([TSX:PPL](#))([NYSE:PBA](#)), investors will receive above-average dividends of 6.2% and 5.1%, respectively. The companies pay monthly dividends which will easily be sustainable, as long as oil is produced and continues to flow through the pipelines. Although oil has been a clear loser over the past five years, shares of Inter Pipeline (the less-risky company) have outperformed shares of Crescent Point by a considerable margin. Barring a major increase in oil prices, investors may be better served by the lower-risk alternative than reaching for higher fruit with greater returns.

Although shares of Crescent Point will be much more volatile during rapidly increasing or decreasing oil prices, investors must decide how to approach this sector. While shares of the oil-exploration company have increased by close to 25% over the past few months, the gains are quickly given back once oil declines back to the US\$50 per barrel mark. Where shares of the pipelines have been “king” is in maintaining their values in spite of declining oil prices.

For investors looking beyond the pipelines and into oil service companies, shares of **Schlumberger Limited**. ([NYSE:SLB](#)) may hold a significant amount of value. The company is in the business of providing technology to oil drilling companies. It is not wholly dependent on the price of oil, instead driving revenues for its services whenever another oil producer chooses to undertake a new project. The company currently pays a dividend of more than 3% and is trading near a 52-week low.

With many options to choose from, investors need not take a significant amount of risk and potentially lose sleep when investing in this sector. It is possible to rest on the outskirts of the production of oil and reap huge benefits from the sideways price movement of oil contingent on the continued production of oil.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:VRN (Veren)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:VRN (Veren Inc.)

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