



Which Stocks Will Go Higher With Rising Oil Prices?

Description

The WTI oil price broke above US\$55 last week. Oil-weighted producers, particularly smaller companies, will benefit. There have been some notable movers in the mid-cap sized space, which will benefit from higher oil prices. Mid-cap companies have stronger upside than big companies and lower risk than small-cap companies.

Vermilion Energy Inc. ([TSX:VET](#))([NYSE:VET](#)) shares were bid up about 5% last week. The mid-cap oil and gas producer's production mix is about 41% oil. And it expects to generate 57% of its funds from operations from oil this year.

The company differentiates itself by having a global portfolio of quality assets. As a result, it benefits from premium Brent oil and European gas pricing, unlike its North American peers.

Although one can never trust 100% the dividends from commodity companies, Vermilion Energy is proud to have been a steady dividend payer so far. Vermilion Energy has paid a reliable dividend which it has never cut; it has raised the dividend about 26% since 2003.

At under \$46 per share, Vermilion Energy offers a yield of about 5.6%. The Street consensus from **Thomson Reuters** has a 12-month target of \$51.10 on the stock, which represents upside potential of about 11% in the near term. If oil prices go higher, the consensus target should be toggled higher.



Torc Oil And Gas Ltd. (TSX:TOG) shares appreciated nearly 15% last week. Torc is focused on low-decline, high-netback light oil production in Alberta and Saskatchewan.

As noted in a [previous article](#), the Canadian Pension Plan Investment Board (CPPIB) has a significant stake in Torc. The CPPIB should be there to support the future growth of the company.

At about \$7 per share, Torc offers a yield of about 3.4%. The Street consensus from Reuters has a 12-month target of \$8.15 on the stock, which implies upside potential of about 15% in the near term. If oil prices go higher, the consensus target should be tweaked higher.

Investor takeaway

The energy space is one of the least expensive places to look for bargains. However, cautious investors should focus on the ones with strong balance sheets.

There's also the question if the US\$55 oil price will hold. If it does and oil prices go higher, Vermilion Energy and Torc are great considerations.

Here are [more opportunities](#). Of the opportunities discussed in that article, I think **Pembina Pipeline Corp.** (TSX:PPL)(NYSE:PBA) offers the best stability and reasonable growth. However, if oil prices really do go higher, a higher-risk investment, **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) stock, could appreciate more.

CATEGORY

1. Dividend Stocks
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POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)

2. NYSE:VET (Vermilion Energy)
3. NYSE:VRN (Veren)
4. TSX:PPL (Pembina Pipeline Corporation)
5. TSX:VET (Vermilion Energy Inc.)
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