



Political Turmoil in Saudi Arabia Could Net Big Gains for These Oil Stocks

Description

The price of oil surged past the spot price of \$57 as trading kicked off on November 6 after stunning developments over the weekend have plunged Saudi Arabia into political turmoil.

Prince Miteb bin Abdullah was removed from his position as commander of the Saudi Arabian National Guard and 11 members of the ruling family, along with many high-ranking bureaucrats and officials, were detained. The actions represent a bold power play from the crown prince Mohammed bin Salman that threatens to shake the foundations of the Saudi Arabian state.

The crown prince has vowed to transform Saudi Arabia, as the nation faces a multitude of long-term issues crucial to its survival as a political and economic power. On the economic front, Saudi Arabia faces a future in which its oil revenues will no longer be capable of sustaining the country at current levels of economic prosperity.

In a late October article, I went over several [oil stocks to target as prices rose](#). Analysts had pegged oil to remain in the \$45-55 range in 2017 and 2018, but the events in Saudi Arabia shed new light on the possibilities for oil moving forward. An analyst at Seaport Global Securities stated that \$70 was now more likely for oil than a drop back down to \$50.

The Organization of Petroleum Exporting Countries is also set to meet on November 30 to settle on a possible extension to production cuts beyond March 2018. There are now a number of factors that could lead to a bullish 2018 for oil.

Canadian stocks to buy while oil surges

Shares of **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) are up 4.3% month over month as of close on November 6. The company released its third-quarter results on October 25. In the same month, I covered why [Suncor was still a great long-term addition](#) to investors' portfolios. In the third quarter, Suncor posted net earnings of \$867 million, or \$0.52 per share, compared to \$367 million, or \$0.21 per share, in the previous year. The stock also offers a dividend of \$0.32 per share with a 2.8% dividend yield.

Canadian Natural Resources Limited ([TSX:CNQ](#))([NYSE:CNQ](#)) is a Calgary-based oil and gas exploration company. The stock has climbed 13.6% month over month as of close on November 6 and 9.2% in 2017 thus far. The company released its third-quarter results on November 2.

It posted net earnings of \$684 million, or \$0.56 per share, in comparison to a net loss of \$770 million, or \$0.70 per share, in the third quarter of 2016. The company announced the completion of its Horizon phase three expansion, allowing it to transition to a long-life, low-decline asset base. The stock also offers a dividend of \$0.23 per share, representing a 2.3% dividend yield at offering.

Encana Corp. (TSX:ECA)(NYSE:ECA) is also an interesting target as oil prices rise. Shares of Encana have surged 16.6% month over month. The company is set to release its third-quarter results on November 8.

CATEGORY

1. Energy Stocks
2. Investing

POST TAG

1. Editor's Choice

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2. NYSE:SU (Suncor Energy Inc.)
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