



Crescent Point Energy Corp. Can't Seem to Sustain a Rally: Is it Still a Solid Rebound Candidate?

Description

Crescent Point Energy Corp. (TSX:CPG)(NYSE:CPG) is a deep-value stock that's well positioned for a rebound, but short-term investors looking to make a quick profit will likely continue to be disappointed, as the roller-coaster ride is likely to continue, despite rising crude prices.

The stock has rallied at several different points this year, only to surrender its gains to fall back to single-digit territory, where there's a support level around \$9. There's no question that there's a tonne of bottom fishers who are trading the stock, and that's making the stock incredibly volatile and tough to own for the average investor.

In many pieces in the past, I've emphasized that investors should maintain a long-term approach and not grow frustrated when shares of CPG pull back while oil prices climb. The business and the industry are gradually improving, and so too will the stock. Although the roller-coaster ride of ups and downs may be disheartening to investors, there is a way to profit from the peaks and valleys.

Each sharp rally above \$10 was followed by a sharp dip back into single-digit territory. Buying on such dips has proven to be a smart trade up to now, and if you've got money on the sidelines, you may wish to buy on such dips with the intent of taking some profits off the table should the stock surge suddenly.

For those who'd prefer to just buy the dips and hold, that's also a great strategy if you're looking to reduce your cost basis for your long-term position. The stock is trading at ~0.5 price-to-book multiple, and the company is in much better shape now than it was during the earlier part of last year. Interestingly enough, the stock is much lower than it was back then, thanks in part to industry-wide fears that have spread across the industry.

Crescent Point still has a sizeable debt load, but it's in much better shape than many of its peers in the industry. In addition, management has been offloading non-core assets to further improve the health of its balance sheet.

Many pundits believe that oil prices could surge and remain above US\$60, and if that's the case,

Crescent Point won't be sticking around in single-digit territory for too long. However, the stock will likely continue to fluctuate over the short term, as sentiment is likely to remain bleak following the company's recent Q3 2017 results, which saw [a larger net loss](#).

If you're a deep-value investor who's patient enough, pick up shares with ample cash on the sidelines should further dips occur down the road. In the meantime, pick up the bountiful 3.65% dividend yield, which will [likely remain intact](#) if oil prices continue to improve.

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