



## Rising Oil Prices: The Winners and Losers

### Description

The spot price for oil fell over 3% as trading came to a close on November 14. A report from the American Petroleum Institute (API) showed over 6.5 million barrels of crude oil inventory the week ending November 10. Gasoline inventories also increased to 2.4 million over the course of the same week.

Oil prices have been in an impressive rally since late June. Inventories reduced due to the U.S. hurricanes in August and September combined with tensions rising in the Middle East have sparked a run that has brought oil to its highest point since January. I [covered the political crisis](#) in Saudi Arabia and how further escalation could lead to higher prices for oil stocks. With an OPEC meeting slated for November 30, and experts projecting an extension on a production cut, oil could have more room to run.

Today, we are going to take a snapshot of some possible winners and losers if this rally continues into the last weeks of 2017.

#### **WINNER: Suncor Energy Inc.**

**Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) stock has increased 3.7% in 2017 as of close on November 14 and 15% year over year. Suncor CEO Steve Williams made comments in an interview in September that turned out to be surprisingly prescient considering the boom in oil prices and the stock that followed. He declared that the oil sands would be profitable well into this century and beyond. In its third-quarter results, Suncor posted record production of 739,900 barrels of oil per day. Suncor stock also offers a solid dividend of \$0.32 per share with a 2.8% dividend yield.

#### **LOSER: Air Canada**

Shares of **Air Canada** ([TSX:AC](#))(TSX:AC.B) have surged 68.4% in 2017 and 78% year over year. In a September article, I [discussed](#) how lower oil prices had helped profits at airlines due to reduced fuel costs. Air Canada stock has declined 16.9% month over month, even after positive third-quarter results released on October 25. In addition to downward pressure due to higher oil prices, a sour turn for NAFTA negotiations are also striking fear into airlines.

#### **LOSER: Student Transportation Inc.**

**Student Transportation Inc.** (TSX:STB)(NASDAQ:STB) is a school bus contractor that operates in rural and suburban areas. The stock has dipped 2% in 2017 and 4.1% year over year. Higher fuel costs for its fleet of over 11,500 vehicles could eat into profits in the coming months. The company released its third-quarter results on November 9. Revenue jumped 5%, while the company reported a lower net loss of \$7.9 million compared to \$11.7 million in the previous year. The stock does, however, offer an attractive dividend yield of 7%.

#### **WINNER: Husky Energy Inc.**

**Husky Energy Inc.** (TSX:HSE) is a Calgary-based integrated energy company. Shares of Husky have dropped 0.25% in 2017 and climbed 13.2% year over year. The company possesses a significant footprint in western Canada and heavy oil, and it boasts a number of pipelines and refineries. Husky also operates over 500 retail locations in Canada, which will see a boon from higher gasoline prices.

#### **CATEGORY**

1. Investing

#### **TICKERS GLOBAL**

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:AC (Air Canada)
3. TSX:SU (Suncor Energy Inc.)

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1. Investing

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