



## Crescent Point Energy Corp.: A Buy Below \$10?

### Description

**Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) is back below \$10 per share, and investors who'd missed the [last rally](#) are wondering if this is a good time to buy the stock.

Let's take a look at the current situation to see if Crescent Point should be in your portfolio.

### Oil outlook

Oil finally took a breather recently, after an impressive surge that saw WTI rise from about US\$42 per barrel in June to above US\$57 in early November.

At the time of writing, oil is recovering from the latest dip and trades close to US\$56.50.

What's driving the market?

As always, oil traders are reacting to potential supply disruptions.

The story for the past year has been OPEC's agreement with a handful of other countries to reduce global supply by 1.8 million barrels of oil per day. The initial pact, launched at the end of November last year, was supposed to run through June.

The group extended the agreement into the first quarter of 2018, and recent comments designed to prop up prices have suggested the program will continue beyond that point.

Investors initially reacted positively to the announcement late last year, driving oil to US\$55 per barrel, but they started to doubt OPEC's ability to deliver on the plan, as some countries missed targets, and rising U.S. production provided a headwind to higher prices.

Since June, oil has found support from geopolitical concerns, including Iraq's recent skirmishes in Kirkuk. Iraq is the second-largest OPEC producer, and the Kurdish region of the country, which held an independence referendum in September, is home to Kirkuk's significant oil reserves.

Saudi Arabia's arrest of several high-level members of the royal family also has market watchers

feeling a bit uneasy. In addition, the recent resignation by Lebanon's prime minister Saad Hariri has the media talking about a potential escalation of conflict in the Middle East between Saudi Arabia and Iran.

If things really get ugly in the region, oil could skyrocket.

### Should you buy Crescent Point?

With the stock back below \$10, Crescent Point isn't too far off its multi-year low reached in recent months.

That has some contrarian investors [kicking the tires](#), given the company's targeted year-end production growth of about 10% per share and the fact that Crescent Point owns some of the most attractive assets in the patch.

The debt position remains high, but the company is well within its lending covenants, and management is selling non-core assets to shore up the balance sheet.

Crescent Point used to be a dividend darling in the Canadian energy sector, but it had to slash the monthly payout from \$0.23 per share to \$0.10 and then again to \$0.03, where it currently stands.

That's good for a 3.8% yield right now, which isn't too shabby if oil is destined to go higher and the company can maintain the payout.

Where oil goes from here is anyone's guess, but investors who have a bullish view on the market might want to consider a small position in Crescent Point while it remains out of favour.

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:VRN (Veren)
2. TSX:VRN (Veren Inc.)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Energy Stocks
2. Investing

### Date

2025/08/23

### Date Created

2017/11/23

**Author**  
aswalker

default watermark

default watermark