



As Bitcoin Plummets in Erratic Trading, Oil Services Stocks Continue Their Steady Rise

Description

Falling below \$10,000 in yesterday's trading, Bitcoin's rapid descent from its highs of north of \$20,000 at the end of 2017 is another demonstration of why it could not be a currency in the future. With price swings in some weeks of +/-35% and a continued erratic trading pattern, it is clear that Bitcoin does not have the stability or consistency.

But with different experts coming out with different opinions and predictions, it is hard to make sense of all this noise.

I would focus on the following points:

Firstly, the risk with Bitcoin is great. Although the reward has also been great for many investors who've timed it right, downside remains big, and trading is very erratic. Do we really want to risk our hard-earned money this way?

Secondly, there is really no fundamental way to value Bitcoin. That leaves us at the mercy of sentiment, which no one can really predict.

For those investors who are looking for big returns, I would look at the [energy services sector](#). While stocks in this sector are notorious for big and volatile price movements, there is at least a way to value them — fundamental reasons to buy or sell.

When the industry is in an upswing, the [stock returns are phenomenal](#), while when the tide turns, the downside is brutal.

At this time, we are seeing an upturn, as evidenced by the returns that we have seen in these stocks, and financial results are beginning to see upward momentum again.

Calfrac Well Services Ltd. ([TSX:CFW](#)) shares have doubled in the last six-month period, as the stock has been upgraded by analysts, and results have been stellar.

Calfrac reported third-quarter results that show a very strong recovery in the business, with revenue increasing 156%, and earnings per share coming in at \$0.06 versus a loss of \$0.35 in the same quarter last year.

Trican Well Service Ltd. ([TSX:TCW](#)) shares have a six-month return of 14%, but they have recovered nicely from lows to the tune of 32%.

The company saw a 365% increase in revenue in its latest quarter, net income of \$46.9 million (versus a loss of \$14.7 million last year), and pricing that is increasing but still below peak levels. Given the increases in activity levels, pricing power should be evident in 2018.

Precision Drilling Corp. ([TSX:PD](#))([NYSE:PDS](#)) shares have a six-month return of 21%, as the company generated \$37 million in cash flow in the third quarter and saw a 47% increase in revenue.

Precision had more than double the amount of rigs working than it had last year, and pricing remained firm, as the sector continued to ramp up.

In summary, for those investors who want to take more risk to get a greater return, I would not venture into the speculative category, which is what Bitcoin is. I would instead focus on the higher-risk stocks that still have fundamental values behind them — values that we can figure out based on our assumptions.

CATEGORY

1. Energy Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:PDS (Precision Drilling Corporation)
2. TSX:CFW (Calfrac Well Services Ltd.)
3. TSX:PD (Precision Drilling Corporation)
4. TSX:TCW (Trican Well Service Ltd.)

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