



## 2 Energy Stocks to Buy and Hold for the Future

### Description

Oil prices have enjoyed a [rally](#) in April, which has driven up energy stock prices in turn. The 2014 collapse in oil prices bred a skepticism in the investing community over the future of the industry. This has been felt sharply in Canada — a country that relies heavily on oil and gas production. According to Statistics Canada, investment in the oil and gas sector fell 12.2% to \$120 billion in 2017. This was the largest decline in 17 years.

Energy companies have responded by investing in alternatives and improving efficiencies in the oil and gas business. Moreover, [geopolitical tensions](#) could also drive a sustained oil rally in 2018. On May 12, U.S. president Donald Trump will have to decide whether to continue suspending sanctions on Iran that were lifted with the 2015 nuclear deal. The president has been highly critical of the deal for some time, and in a recent visit French president Emmanuel Macron was seemingly unable to convince Trump that the deal is worth saving.

Iran has made it clear that if the U.S. pulls out of the deal, it will follow suit. Geopolitical analysts are also pointing to the July 11th deadline, when a larger batch of sanctions will be on the table. Iran exported nearly one billion barrels of oil in 2017. The scrapping of the deal and subsequent re-imposition of sanctions could spark another rally for oil as supply comes into focus.

There is plenty to monitor as we look ahead to May, but investors should be focused on stocks that are attractive for the long term. Let's look at two today that fit the bill and are worth adding this spring.

### **Badger Daylighting Ltd. (TSX:BAD)**

Badger is a Calgary-based company that provides non-destructive hydrovac excavation services. Shares of Badger dropped 7.1% in 2018 as of close on April 26. The stock has also suffered double-digit losses year over year. However, recent results and a solid dividend should pique investor interest in Badger for the long term.

The company released its 2017 fourth-quarter and full-year results on March 27. Adjusted EBITDA rose 20% from 2016 to \$125.4 million, and net profit for the year was \$65.9 million compared to \$28.9 million in the prior year. The board of directors also approved an increase in its annual dividend to

\$0.54 per share, representing a 1.7% dividend yield.

**Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#))

Suncor is a Calgary-based integrated energy company. Shares of Suncor were up 7.7% in 2018 as of close on April 26, and the stock had climbed 19% year over year. In September 2017, CEO Steve Williams projected that Suncor and the oil sands industry would last into the next century. Williams is confident that technological advancement will aid in the development of the industry and minimize its impact on the climate.

In Q4 2017, Suncor posted record funds from operations of \$3.01 billion, and upstream quarterly production hit 736,400 barrels. Suncor is expected to release its first-quarter results on May 1. The company also offers a quarterly dividend of \$0.36 per share, representing a 2.6% dividend yield.

## CATEGORY

1. Investing

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