



Where Can Investors Benefit From High Oil Prices?

Description

As many investors are once again paying higher prices at the gas pump, which takes more money from their pockets, the silver lining is the opportunity to make this money back in the form of higher share prices in the oil sector.

Although there are many naysayers, it's highly probable that the price per barrel of oil will remain at a price of at least US\$65 per barrel for a very long time to come. In addition, the price of oil could well head higher as the oil market remains highly influenced by Saudi Arabia, the most dominant supplier of the product.

Within the next year or so, Saudi Aramco is expected to launch the biggest initial public offering (IPO) in history, which will likely translate into the owner of a major market producer reaping huge rewards from higher oil prices. As the value of the IPO is dependent on future cash flows of the company, it is in the best interests of Saudi Arabia to maintain high oil prices (which would translate to higher future profits) for Saudi Aramco at the time of the IPO.

With oil prices expected to remain high, Canadian investors have a number of options available to them in order to make large profits. The first name to consider is the very low risk **Inter Pipeline Ltd.** (TSX:IPL), which drives revenues from the movement of oil. As the price of oil increases and more oil is produced and moved, the pipeline company stands to increase revenue by moving more oil. In addition, the railway authorities have started to frown on the movement of oil by rail, thereby making pipelines more attractive. Only time will tell just how [profitable](#) this company will become over time, but it is expected to remain profitable for a long time to come.

The second name for investors to consider is none other than **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG), which at a price of approximately \$10 per share offers substantial value for a number of [reasons](#). For those who have been following the news, activist investors are pushing for changes at the company in order to better monetize its assets. At the current time, there is no less than \$16 per share of tangible book value.

In addition to the value of the shares, investors may also be interested to know that the company pays a dividend on a monthly basis, which offers a yield of no less than 3.5% in spite of several difficult

years in the oil patch. After undergoing what is hopefully the worst of the downturn, investors can now jump into a winning stock at a time when all expectations see it rising much higher.

CATEGORY

1. Energy Stocks
2. Investing

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