Oil Prices at $80: 3 Stocks to Buy Now

Description

The price of oil continues to rise, and with Brent oil now around $80 a barrel, and West Texas Intermediate up around $73, these highs haven't been seen since 2014. The industry is in much better shape, and that could mean big things for some oil and gas stocks. Below are three great stocks to invest in that could break out, as the industry starts to get more bullish amid higher commodity prices.

Enbridge Inc. (TSX:ENB)(NYSE:ENB) has been down ~20% in the past year, even as oil prices have been rising. Unfortunately, in Canada there is still a lot of negativity surrounding the industry, as the political climate has not been conducive to growth and optimism. However, investors won't be able to ignore the opportunities that exist in these stocks much longer, and it could be just a matter of time before Enbridge and other stocks break out.

In the past month, Enbridge's share price has been up, as the company released a good quarter, which showed revenues continuing to grow, up 14% from a year ago. If not for impairment charges bringing down the results, the company's earnings would have blown away last year's performance. Nonetheless, it was still a very good quarter, as Enbridge continues to show investors a lot of consistency, even during challenging times.

Currently, the share price trades at just ~1.3 times its book value, but with a price-to-earnings (P/E) multiple of 30, investors are still paying a bit of premium for the stock.

Cenovus Energy Inc. (TSX:CVE)(NYSE:CVE) is another stock that has been on a rough ride the past year. A year ago, the company doubled down on its exposure to the oil sands with a big investment and didn't seek the approval of its shareholders in order to do so. The company also ended up changing CEOs. It was a lot of turmoil for Cenovus, so it may be less surprising that the company dug its own hole, as the share price hit an all-time low last year.

In 2018, Cenovus has been doing a bit better, as its share price is up more than 15% year to date, and just in the past three months it has risen over 50%. The tide certainly is changing for Cenovus, and the stock looks to be breaking out.

Cenovus is still a good buy, despite its recent jump in price, as the stock trades at a P/E of just six, and the share price is still hovering around book value.

Inter Pipeline Ltd. (TSX:IPL) has dropped 10% in the past year, but it hasn't yet seen the recovery that Cenovus has. Year to date, Inter Pipeline is still down 7%, although in the past three months it is up by a similar amount.

The company has provided a lot of consistency to investors, as in four of the last five quarters profits have been at least $140 million. In its most recent quarter, sales were up 12%, and those numbers could get even stronger, as the price of oil continues get more momentum.

The stock is decently priced and could be a good value buy, trading at a P/E of 17 and a price-to-book ratio of 2.6.

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