



Beat Back Rising Gas Prices and Buy These 2 Stocks

Description

The [ongoing crisis in the Middle East](#) has pushed up oil and gas prices in recent weeks, and there is unlikely to be any respite this summer. GasBuddy, a platform that tracks gas prices by region and city, has projected that rising prices will continue especially in the western provinces. Gas prices recently passed the \$1.50 per litre mark in Montreal, which represented a jump of about \$0.14 week over week. This is the highest price since June 2014.

Vancouver gas prices have also hit record highs in recent weeks. Prices will be the highest for Canadians in the major markets of Montreal, Vancouver, and Toronto. GasBuddy senior petroleum analyst Dan McTeague projected that prices will accelerate quickly after the recent May 24 holiday weekend. He estimated that the average price in Canada this summer could reach \$1.36 per litre.

Canadians can make up for the losses at the pump by [investing in retailers](#) with a stake in rising revenues. There are a number of energy giants in Canada that also boast large retail operations. Let's look at two candidates that could offset the higher prices today.

Imperial Oil Ltd. ([TSX:IMO](#))(NYSE:IMO)

Imperial Oil is a Calgary-based integrated oil company. In addition to its oil production, Imperial Oil boasts almost 2,000 service stations with majority-owned third parties. Many of these stations operate under the Esso or Mobil brand. Shares of Imperial Oil have climbed 12% month over month as of close on May 23. The stock is up 7.1% year over year.

Imperial Oil released its first-quarter results on April 27. In the quarter, Imperial Oil reported \$1 billion in cash generated from its operations. Net income surged 55% from Q1 2017 to \$516 million, and its downstream and chemical businesses earned \$600 million in the quarter. The company announced that the Esso and Mobil-branded network now exceeds 2,000 stations nationwide. Imperial Oil's Esso stations will partner with **Loblaw Companies Ltd.** to allow PC Optimum members to earn points at Esso.

The stock also offers a quarterly dividend of \$0.19 per share, representing a 1.5% dividend yield.

Husky Energy Inc. (TSX:HSE)

Husky Energy is a Calgary-based integrated energy company. Husky possesses a substantial retail operation that stretches across Canada. Its loyalty rewards program currently boasts over one million members. Shares of Husky have climbed 9.7% in 2018 as of close on May 23.

The company released its first-quarter results on April 26. Husky generated funds from operations of \$895 million in the first quarter, which led to free cash flow of \$218 million. It achieved production of 300,400 barrels of oil equivalent per day and reported upstream average operating costs of \$13.33 per boe — down from \$13.75 in Q1 2017.

Net earnings climbed to \$248 million compared to \$71 million in the prior year. The board of directors also approved a quarterly dividend of \$0.075 per share, representing a 0.4% dividend yield.

CATEGORY

1. Energy Stocks
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