



## Cenovus Energy Inc. (TSX:CVE) Stock Is up 30% Since March: Time to Sell or Buy More?

### Description

Shareholders in **Cenovus Energy Inc.** ([TSX:CVE](#))([NYSE:CVE](#)) have found themselves the beneficiaries of some pretty handsome gains as of late with [shares up](#) a little more than 30% since the beginning of March.

With those gains far surpassing the returns of the broader market, is it time for shareholders to lock in those gains and move on to the next best thing ... or is just the opposite, and does the latest 15% pullback in the company's stock price provide an attractive opportunity to get in or add to the position?

Cenovus has been the unique beneficiary of a combination of higher gasoline prices and lower realized prices for the "heavy" crude coming out of the Canadian oil sands.

As one of Canada's largest integrated producers, the company will, in certain cases, stand to benefit when the "spread" between crude and gasoline prices widens.

That's because [Cenovus can effectively sell](#) itself the crude it drills out of the ground at reduced market prices and convert that crude to refined petrol products like gasoline, diesel, jet fuel, and certain chemical and plastic products.

Canadian crude prices have remained depressed for much of the start of 2018, thanks to some unwelcome bottlenecks that have resulted an oversupply of Canadian oil waiting to get into U.S. markets, which has led to deeply discounted prices for Western Canadian Select: the benchmark index for much of Canada's oil.

But while prices for Canadian crude have been hit hard, that hasn't exactly translated to lower prices at the pump for Canadian motorists.

That environment led to a strong first quarter for Cenovus, including 255% growth in operating cash flow and record net earnings of \$3.4 billion.

But what's really unique about the opportunity in Cenovus today as an investment is that even despite

the +40% rise in the company's value this year, shares still trade at a 0.82 times discount to the firm's shareholders' equity, commonly referred to as "book value."

### **Summer vacation season is just around the corner**

One other factor that Foolish investors may want to take note of when considering what type of action to take in Cenovus is that the summer season is just around the corner, and that has traditionally boded well for gasoline prices.

Gas companies and refineries are fully aware that many Canadian families make hard-to-cancel plans for the summer months, including family vacations, trips to the cottage, and trips to sporting events.

Knowing that this is the case, gas companies typically hike fuel prices by more than a significant amount for the summer vacation season, meaning that the latest run in Cenovus stock may not be over just yet.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CVE (Cenovus Energy Inc.)

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