

# Oil Prices Continue to Soar: Is Now the Time to Load Up on Oil and Gas Stocks?

## Description

Oil prices are on the rise again, even after OPEC announced that it would be [raising output](#) (although much of that would be just to cover existing supply issues). Predicting where the price of oil will go is no small challenge, as there are many variables that need to be accounted for.

A few years ago, it seemed like nothing could stop oil prices from spiraling down, as U.S. producers were ramping up production, which negated the reductions that were made in other parts of the world. However, 2018 has been a much better year for oil prices with West Texas Intermediate and Brent oil both reaching highs not seen since 2014.

## Supply issues plaguing oil producers

A big part of the reason that oil prices are continuing to rise is that we're seeing more supply issues slow production, and oil traders are responding to that. Venezuela, Libya, and Nigeria have all had problems with producing oil this year, and as long as we continue to see disruptions in the market, that will continue to put upward pressure on oil prices.

How long these issues last and whether new ones arise will have a big impact on the markets and the ability for oil prices to stay at their current levels.

## Why you shouldn't expect oil prices to stay this high

In the short term, traders might be bullish about prices due to all the factors we're seeing and as inventory levels drop, but over the long term, there's little reason to expect prices will stay around \$80 per barrel. Increases in production can take months to have a real impact, and rising oil prices could even encourage more production, as producers look to take advantage of higher prices.

If supply remains too low, we could also see OPEC raise production targets even higher to compensate for any unplanned shortages.

## Should you consider investing in oil and gas stocks?

Whether or not oil prices stay near \$80 or not doesn't change the fact that there are many undervalued oil and gas stocks that could be great buys today. While the U.S. and other parts of the world may be doing well at a higher price of oil, we simply aren't seeing that translate into more bullish conditions here in Canada.

**Cenovus Energy Inc.** ([TSX:CVE](#))([NYSE:CVE](#)) has risen 20% this year, but it is still trading near its book value, as the stock has suffered a lot of [adversity](#) over the past year and a half. While it isn't coming off a great quarter, Cenovus has turned a profit in three of its past five quarters, as it has proven that it doesn't need a high price of oil to stay out of the red.

**Crescent Point Energy Corp.** ([TSX:CPG](#))([NYSE:CPG](#)) trades at an even bigger discount than Cenovus, although it is still struggling to find any sustained momentum, as its performance has not

been as strong, but that could change with a more consistent price of oil. It could have a lot of potential upside, as the stock has lost more than 60% of its value over the past three years, but it's certainly a riskier buy than Cenovus.

## CATEGORY

1. Energy Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:VRN (Veren)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:VRN (Veren Inc.)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Energy Stocks
2. Investing

## Tags

1. Editor's Choice

## Date

2025/08/15

## Date Created

2018/07/05

## Author

djagielski

default watermark

default watermark