Where the Big Money Will Be for Retirees!

Description

With a bull market well underway, investors willing to take on a high level of risk have more than enough options. Many growth stocks that deal with technology or online sales have been ripe for the picking for quite some time as the secular shift from bricks and mortar continues to move online.

For those not willing to take on the risk, the opportunities may not seem quite as prevalent. Rest assured, that could not be further from the truth. As the price of oil has finally made its way out of the basement and found a trading range around the US$65 mark, producers and consumers finally have some degree of normalcy in place as they attempt to project future costs.

For those seeking gains in the market, the oil sector may be the best place to go, as there are two clear catalyst that will allow the price to remain high. First, as Saudi Arabia continues to move forward with its plan to bring government-owned Saudi Aramco public through the world's largest initial public offering (IPO), the best interest of the country is to have a high price of oil and a generous valuation for its most valuable asset.

The second reason for a higher price of oil is due to the increase in interest rates. As it costs more to finance each project, many oil companies will have a much more challenging time breaking ground on higher production costs, thereby allowing for the oil in storage to be sold. This is known as contango, whereby the future production of oil is sold (in advance) at a higher price that the spot price will have to offer higher future prices as the risk-free rate of return is heading higher.

With a number of factors impacting the production side of the equation, investors seeking a mix of dividends and capital gains will be best served by investing in names such as **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG), which offers a monthly dividend that tallies no less than 4.3% for a one-year holding period.

What sets this name apart from many other companies in the oil sector is the amount of positive cash flow generated. In spite of reporting a net loss, the company is able to back out the large amount of depreciation expense that is being recognized, as the assets on the balance sheet are deteriorating at a faster rate than the income generated.

As the price of oil increases above the US$70 mark, this gap is expected to close and the company will once again reach a valuation that is close to the amount of tangible book value on the balance sheet. Currently, shares are priced at close to 60 cents on the dollar!

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:VRN (Veren)
2. TSX:VRN (Veren Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise

Category

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