



Could We See OPEC Cut Production Yet Again?

Description

The oil and gas industry has been a bit of a roller coaster lately. Fresh off four-year highs that suggested things were turning around in the industry, we're now hearing word that OPEC might be looking to cut production, after recently giving the green light for producers to [start pumping again](#).

West Texas Intermediate oil, which is a key benchmark for North American markets, dropped from highs of around US\$76 in October down to around US\$62 recently, for a decline of around 18% in little over a month's time.

The wheels have certainly started to come off a bit, and so it may not be a surprise that OPEC might be reconsidering its choice of action. However, I find it hard to believe that it couldn't have foreseen this.

After all, production cuts were keeping prices up for some time, and if we're seeing it ramp back up again, logic would suggest that the increased supply should pull prices back down.

Next meeting scheduled for December

We won't know what the decision ultimately is until next month, when OPEC has its big meeting, and certainly, a lot could change before that happens.

If oil prices continue to slide, then there might be no choice but to curb production, but if we see a recovery between now and then, that might complicate matters.

Should investors avoid the industry altogether?

While you can make the argument that a stock like **Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)) is undervalued and a good value buy, the problem is that it has been for some time now, and yet investors remain bearish on the stock and the industry as a whole.

Not only is Canadian oil trading at a discount, but political concerns make the country an unappealing investment option. The sad reality of it is that it just might not be the best time to invest in oil and gas.

It's not that stocks don't present good value, because Enbridge would be a great buy under normal circumstances, but the problem is there's still a lot of uncertainty in the industry, and it might possess too much [risk](#) for investors to consider it a safe investment.

Year to date, Enbridge's stock has declined by more than 11%, despite the fact oil prices have shown a lot of reason for optimism. However, investors can see that Enbridge has actually been stable over the past month and that it may have reached its bottom.

While it could be an advantageous time to lock in a good price for the stock, investors need to be aware that there's significant risk involved, and there's never any guarantee the stock couldn't find a home at a much lower price.

For me to consider the industry a safe one to invest in, I'd have to see more from the federal government to try and stimulate some growth in oil and gas.

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