



## Calling All Income Investors: This Blue Chip Dividend Darling Has Its Highest Yield Ever!

### Description

It's time to finally time to buy **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) stock after it got clobbered a good one last week (CNQ shares dropped by as much as 7% last Friday) following another steep plunge in oil prices.

Although it seems reckless to invest in Alberta's oil patch right now, one has to think that CNQ's [reliable dividend](#), whose yield is the highest it's ever been at 4%, is worth biting on for long-term income-oriented investors who are willing to go against the grain as the excessively pessimistic Canadian energy headlines continue to flood the mainstream financial media.

### What's going on in Alberta's oil patch?

Falling oil prices are further exacerbating the troubles for Canada's oil sands operators who are already in shambles due to the WCS-to-WTI discount that's the widest it's been in recent memory. Add WTI's negative momentum into the equation and it looks like the stage is set for another 2014-style oil rout.

Canadian heavy oil producers are already scrambling to deal with a bottleneck that's caused some folks to use explicit and inappropriate words to express their frustrations with the growing Canadian heavy crude glut and the lack of progress with the nation's pipelines.

While there's no question that things can (and probably will) get even uglier from here over the near-term, I do believe contrarian investors have an opportunity to lock-in a high yield and limit their damage with a high-quality oil sands king like Canadian Natural Resources.

### My bearish call

Back on [October 15](#), when the company was trading at around \$38, I warned investors that the stock was due for a big breakdown that would see its price drop to the low \$30 levels over the near term.

"CNQ stock looks to have a double-top technical pattern forming, which could ultimately lead to a

further decline to the low \$30 levels over the near term, implying 10-15% in further downside,” I said. “As you may know, technical analysis doesn’t at all consider the fundamental story. When you piece together near-term pressures (broader pullback in stocks, incoming pressures on WCS prices [due to an outage in U.S. refineries]) on the horizon, however, I think the probability of a double-top bearish technical pattern coming to fruition is quite high.”

I also noted that CNQ stock would soon sport an over 4% yield, and today, with CNQ shares trading at \$33 and change to go with a 4% yield on the button, I think the worst is now in the rearview mirror and that investors should be backing up the truck, as I believe shares are unsustainably undervalued.

### **Foolish takeaway**

As Warren Buffett once said, “Only when the tide goes out do you discover who has been swimming naked.”

During the oil rout of 2014, we observed a ton of Albertan oil companies that apparently forgot their swimming trunks at the shore, Canadian Natural wasn’t one of them. The company had one of the healthiest balance sheets relative to almost all of its peers, and as the tides went out, the company’s financial flexibility allowed it to take advantage of a seemingly dire situation by scooping up additional oil sands assets at a vast discount to their intrinsic value.

Now, Canadian Natural won’t be able to turn on the spigot on many of its projects with oil prices remaining as depressed as they are, but should oil prices gradually recover in conjunction with a narrowing in the WCS-to-WTI discount, Canadian Natural could surge as much as its less solvent peers, the only difference being the company won’t crumble should such a relief rally not happen until many years down the road, potentially after another severe rout.

In the meantime, collect the 4% yield, as CNQ’s management team looks to “shield” its shareholders from the hideous environment.

Stay hungry. Stay Foolish.

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