Don’t Miss These 2 Oil and Gas Stocks That Have Been Taking Off!

Description

The TSX has been making some strong strides early on this year as it looks to repair the damage from 2018. Many stocks were beaten up pretty badly to close out the year, which has created many great buying opportunities. We’re already seeing some stocks mount some strong gains early in 2019, and investors will want to take note of the two oil and gas stocks I’ve listed here below, as they could still have a lot more room to run.

Cenovus Energy Inc (TSX:CVE)(NYSE:CVE) has been showing signs of life in 2019, rising more than 17% in the past month. In late December, the stock had fallen to a new 52-week low at under $9 a share. It’s heavily discounted and trading well below its book value at a multiple of just 0.7. Unfortunately, this is not new territory for Cenovus, as it has struggled mightily over the past few years, with the stock only being able to mount temporary rallies that were destined to fail.

With only one profitable quarter to show for in its past five reporting periods, it’s easy to see why investors become hesitant about buying the stock. However, the company has been making progress, with sales rising 38% in its most recent period and Cenovus getting closer to break-even. And recent cuts by the government have already helped to drive up prices for Western Canada Select, which will help improve the company’s top line even more.

Oil and gas has become a bit unpredictable, with oil prices growing increasingly volatile lately. Where they’ll go this year is anyone’s guess, and that’s going to have a big impact on how Cenovus stock does as well. But with strong free cash flow and improving market conditions, Cenovus is in a good position to continue to rise in price this year, and if returns to previous highs, it could have more than 30% upside from where it is today.

Suncor Energy Inc (TSX:SU)(NYSE:SU) is another stock that has been doing well to start the new year. Like Cenovus, the stock hit a low for the year right around Christmas, but it’s rebounded ever since. As of Monday’s close, it had risen nearly 20%, but it’s still nowhere near the highs that it reached in 2018.

Investors have less of a reason to be hesitant on Suncor, as the company has performed very well over the past four quarters, generating net income of more than $4.9 billion during that time on sales of $39 billion for a strong profit margin of just under 13%. Suncor's numbers look strong, and with a price-to-book ratio of just 1.5, it's a bargain buy for one of the TSX's top stocks.

Even if you're not sure if Suncor is the right buy for the short term, it could make sense to hold it for the long term. The stock has a great growing dividend that currently pays shareholders 3.4% per year, which will help compensate you for simply holding on to stock.

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