Hot Energy Stocks: Avoid Missing Out on Higher Oil With This Sturdy Quartet

Description

With the potential for oil to rise as much as 12%, perhaps even hitting the $75/barrel mark, are energy investors at risk of missing out on a slice of potential upside? Oil bulls are no doubt still in fine fettle after last year's oil free fall was unexpectedly cut short; meanwhile, there are still capital gains to be had for newcomers as well as dividends fit for a passive-income portfolio, a TFSA, or a retirement investor's RRIF or RRSP.

Tourmaline Oil (TSX:TOU)

Though a five-year average past earnings growth of 3.6% struggles to adequately make up for a negative one-year rate, insider confidence is high among those in Tourmaline Oil's inner circle, while an allowable debt level of 18.2% of net worth shows that the risk-averse investor may indeed have a potential buy-and-hold stock here.

The valuation for Tourmaline Oil looks good, with a P/E of 18.1 times earnings and P/B of 0.7 times book. While its 2% dividend yield might not be among the highest on the TSX index and falls below the 3% threshold, a 27.1% expected annual growth in earnings is good to see, and should appeal to growth investors.

Pembina Pipeline (TSX:PPL)(NYSE:PBA)

Energy investors looking for inner-circle confidence should be interested to read that more shares have been bought than sold by Pembina Pipeline insiders in the last three months as well as over the last 12 months. Its track record is solid, with a one-year past earnings growth of 44.7% outpacing a five-year average rate of 29.1%.

Trading at a 36% discount against future cash flow, Pembina Pipeline has a P/E of 21.1 times earnings and dividend yield of 4.73%, making for a moderate buy for a value-focused passive-income investor. Meanwhile, a 10% expected annual growth in earnings suggests that the next couple of years could be good.

TORC Oil & Gas (TSX:TOG)

Down 5.51% in the last 24 hours at the time of writing, evening out to a 0.22% loss for the last five days, the only thing wrong with TORC Oil & Gas is its share price, which started falling last July and has been trying to recover ever since. Everything else looks good, though, from the valuation to outlook to dividends.

An acceptable level of debt at 22.4% of net worth shows that TORC Oil & Gas is healthy enough to hold long term, while a 31% discount and P/B of 0.7 times book indicate good value. Passive-income investors should consider a decent dividend yield of 5.7% and high expected 72.2% annual growth in earnings, meanwhile.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ)

One of the most popular domestic TSX index energy stocks outside of the Big Two, Canadian Natural Resources's one-year past earnings growth of 46.6% makes up for a negative five-year rate. It's trading with decent market fundamentals at the moment (see a P/E of 12.1 times earnings and P/B of 1.4 times book), with a 48% discount against the future cash flow value. A dividend yield of 3.58% is the biggest reason to buy.

The bottom line

While no single Canadian energy stock is without its flaws (consider TORC Oil & Gas's P/E of 57.9 times earnings, Pembina Pipeline P/B of 2.1 times book, or a 2.1% expected drop in earnings on the way for Canadian Natural Resources, for instance), the four tickers listed above are solid buys if you're bullish on higher oil later in 2019.

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TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:PPL (Pembina Pipeline Corporation)
5. TSX:TOU (Tourmaline Oil Corp.)

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