



Trans Mountain Turnaround? Why This Could Send Oil and Gas Stocks Soaring!

Description

Oil prices have been rising (again), and U.S. production continues to get stronger. Yet Canadian oil and gas stocks are still struggling. It's a theme we've gotten used to for some time, as south of the border the industry looks to be growing, but in Canada, it's a stretch to say that Alberta has recovered.

Instead, many oil and gas producers have had to cut back and reduce spending as the economy braces for another challenging year. However, all hope might not be lost just yet. Premier Rachel Notley recently said that she expects the federal government to approve the Trans Mountain pipeline by the end of the next month.

Notley claims that there is "growing support" for the pipeline and believes that construction on the project will commence later this year. It's a bold and convenient claim to make given that the provincial election is coming up next week. However, if there's some truth to it, and there's a real possibility we could see some progress on the Trans Mountain, we could see a lot of bullishness return to the industry.

Industry continues to struggle

A report from the Petroleum Labour Market Information (PetroLMI) recently underscored just how bad things have gotten in the industry. It expects that as many as 12,500 oil and gas jobs will be lost this coming year. In total, the number of workers will be just 173,300, which is a little more than three-quarters of the 226,500 workers there were in 2014 before the industry began to tank.

The reasons that PetroLMI cites for the decline include commodity prices, reduced spending and "uncertainty about getting oil and gas to market." We have seen a bit of momentum in the way of oil prices starting to rise, and while that will help, it's only half the battle. Getting pipelines approved will help encourage companies to invest again in oil and gas and could stimulate some much-needed activity."

That's where the Trans Mountain is an important piece to the puzzle. If it were to get approved, that could help a stock like **Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)), which knows all too well the trouble with

getting a pipeline built after all the struggles it has had with its [Line 3 replacement project](#).

It's a bit disappointing that while Enbridge has been able to generate strong results and with oil prices now showing more stability, that the stock price is still down more than 10% from where it was just a couple of years ago. At a price-to-book multiple of 1.6, it offers investors a cheap buy that comes with a [great dividend](#) that's yielding 6% today.

As good as a buy as Enbridge has been, it's faced a lot of difficulty getting to over \$50 a share. And until we see something good happen in the industry, such as the Trans Mountain getting approved, it's going to be a challenge to convince investors that the stock is a buy. However, if you're holding on for the long haul, Enbridge might be a good stock to pick up because when things get going, this is a stock that could rally in a hurry.

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