These 3 Dividend-Paying Energy Stocks Are Ridiculously Cheap!

Description

Energy markets have rallied to start 2019, led by the price of crude oil, which has risen from below US$50 per barrel in January to north of US$60 as of Monday's close.

Yet, for whatever reason, some of Canada's leading energy stocks haven't fully participated in the rally.

These three Canadian energy stocks are not only offering investors ridiculously cheap value but also an outstanding opportunity for a relative value trade, with the hope that it should only be a matter of time before they catch up to the rest of the pack.

Shares in one of North America's largest integrated producers, **Imperial Oil** (TSX:IMO)(NYSE:IMO) are currently trading near their 52-week lows and IMO stock is about the cheapest it's been at very long time.

IMO shares have traditionally traded at a premium valuation relative to the rest to the market. A lot of that has to do with the predictable nature of the company's business model, along with the pristine condition of its balance sheet. But at current prices, IMO shares appear to be trading outside their norms.

Imperial Oil's current price-to-earnings ratio of 13.5 times is far cheaper than where the shares have traded historically. Its current dividend yield of 1.97% also offers more value than what the shares have historically. While the sub-2% yield isn't going to do much for income-focused investors, IMO looks like a real solid value play these days.

Meanwhile, stock in **Crescent Point Energy** (TSX:CPG)(NYSE:CPG) has absolutely skyrocketed in recent weeks heading into Tuesday — up already more than 39% over its intra-month lows.

CPG recently cut its dividend to free up additional cash flows. Prior to the January announcement, the company's shares had been trading at close to double-digit territory, so it would not be a far-reaching statement to say that some may have already been anticipating the dividend cut.

Longer term, CPG still lays claim to some of Canada's leading medium to light oil and natural gas reserves, making the company's current 0.35 times price-to-book ratio look like a real steal. Even though CPG recently cut its monthly dividend payout, shares have been trading at deeply oversold levels as of late.

This is a stock that could also represent a great opportunity for deep-value investors.

Cenovus Energy (TSX:CVE)(NYSE:CVE) is a company that I've been banging the table on for some time.

CVE stock is off to a roaring start — up just shy of 40% so far in 2019.

An investment in Cenovus right now is unquestionably a value play and some might argue a contrarian play to boot. Having doubled its available production capacity in recent years, the fact that CVE stock still trades well below its all-time highs remains a mystery to me.

This is a position I'm willing to go against the grain on.

Provided that management can continue to execute its strategy of paying down the debt that it took on to finance the **ConocoPhillips** assets, this is an investment that I firmly believe could offer a great deal of upside.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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2. NYSE:VRN (Veren)
3. NYSEMKT:IMO (Imperial Oil Limited)
4. TSX:CVE (Cenovus Energy Inc.)
5. TSX:IMO (Imperial Oil Limited)
6. TSX:VRN (Veren Inc.)

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