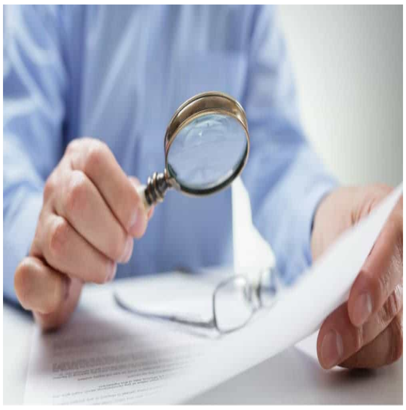

3 Canadian Energy Stocks to Watch as Oil Bucks and Kicks

Description

It's shaping up to be a volatile year for oil, with bottlenecks springing up left, right, and centre. From the U.S.-China trade war to geopolitical unrest, sudden developments are roiling the markets, with some of the most heavily oil-weighted stocks seeing some interesting movement. Below are three energy stocks on the TSX index with varying vulnerability to oil prices that may be worth keeping an eye on.

Enbridge (TSX:ENB)(NYSE:ENB)

For new investors, a quick snapshot of Enbridge can be seen in a five-year average past earnings growth of 33% and reduced level of debt over the past five years (down from an alarming from 142.1% half a decade ago to today's 88.7%); what this shows is that it's a generally profitable company with an improving but only moderately healthy balance sheet. While Enbridge is seen as defensive, therefore, it may conversely not be ideal for the strictly risk-shy stockholder.

There has been some inside buying of Enbridge shares over the last three months, but there has also been some insider selling, with the latter being in the greater volumes. Again, this would indicate that investor sentiment in Enbridge is mixed. Though it's a touch overvalued across its most important market ratios, there's some growth ahead in terms of earnings, while the dividend investor will likely be hooked by a 6% yield.

Vermilion Energy (TSX:VET)(NYSE:VET)

A healthy stock with its balance sheet in order, Vermilion Energy turned in a positive first-quarter report and continues to look like a good-quality investment for the general energy portfolio. Its valuation indicators are satisfactory, too, with a P/E of 16.3 times earnings. What might really catch a new investor's eye, though, is a beefy dividend yield of 8.75%, which represents one of the highest in this space.

Vermilion Energy is nicely geographically diversified, with a broad spread of international assets. Based on its market position, management style, and market fundamentals, it's an ideal stock for

Canadian oil and gas bulls and a sound investment with its current valuation.

Parex Resources (TSX:PXT)

A high return on equity and a practically flawless balance sheet make Parex Resources one of the better-quality oil and gas stocks on the TSX index. As an international oil and gas producer, Vermilion Energy represents geographical diversification, with ongoing projects in North America, Europe, and even Australia.

As an asset, investors would be getting a stock with a solid track record (see one- and five-year earnings-growth rates of 159.8% and 57.2%, respectively), and at a good price; Parex Resources is selling at just under twice its book value with a P/E of 6.1 times earnings, for instance.

The bottom line

Enbridge is among the better-insulated energy stocks, with less direct influence on its share price from oil fluctuations, and as such represents a solid investment for any dividend-paying portfolio in need of defensive structure. With its focus on Colombian oil and natural gas, Parex Resources is potentially vulnerable to a bottleneck in that region, though a surge in oil prices could make for some capital gains down the line.

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Date
2025/08/23
Date Created
2019/05/13
Author
vhetherington