



Why This Oil & Gas Stock Could Take Off Very Soon

Description

Oil and gas stocks as a whole have been fairly underwhelming over the past few years. A low price of oil and lots of politics getting in the way has created some significant obstacles for the industry in Canada. And while some may say Alberta's economy has recovered, it's still nowhere near where it was in 2014.

The easiest way to gauge the recovery is by looking at housing sales, which have been struggling in Alberta as demand simply hasn't been there, which is largely due to fewer high-paying oil and gas jobs. When oil prices were high, the housing market was very strong in the province, and that's certainly not the case today.

However, there is hope that in the coming years, we could see a real recovery take place. With [stronger](#) and more stable oil prices this year than in recent years and a [leadership change in Alberta](#) — and possibly another one at the federal level this year — there could be some very strong, bullish conditions in the industry coming ahead.

Pipelines have been a bit of a sore spot for the industry, and getting more support for them in Canada will be crucial to getting the industry going and encouraging oil and gas companies to invest into Alberta again.

One company that might be a good investment to make today is **Canadian Natural Resources Ltd** ([TSX:CNQ](#))([NYSE:CNQ](#)). It's betting big on the industry, recovering as it recently announced that it would be purchasing **Devon Energy's** Jackfish site in Athabasca.

It's a big move for Canadian Natural Resources, as at a price tag of US\$2.8 billion, it will add the company's production and also its exposure to the oil sands.

With the acquisition, the company will now have a production capacity in the oil sands of more than 700,000 barrels of oil per day. Previously, CNQ purchased assets from **Shell** as well, as that company also looked to reduce its exposure to the Canadian oil and gas market.

Big opportunity for a local company to take advantage

While international companies may exit the oil sands, those that add assets to the area could become big benefactors of the industry if it recovers in Canada. For Canadian Natural Resources, these purchases can help the company achieve greater economies and further bring down its costs while also putting it in a good position to benefit from an increase in demand.

It's a risky play, but for investors who are optimistic for the industry's future, investing in Canadian Natural Resources could prove to be a terrific opportunity today. There's lots of potential there, and with the stock declining 17% in the past year, it could be a great value buy. Currently, CNQ trades at around 15 times its earnings and just 1.4 times book value, which make for some great multiples for value investors.

The stock also pays an impressive dividend of around 4% per year, offering investors some compensation while they wait for the stock to recover.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:CNQ (Canadian Natural Resources Limited)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/08/26

Date Created

2019/05/30

Author

djagielski

default watermark