Are These the 3 Best Oil Stocks After Last Week's Bloodbath?

Description

Oil stocks have long been viewed as the more volatile arm of the energy sector, but even with the added risk, they have remained a central part of dividend investment. However, their behaviour on the **TSX** last week showed just how vulnerable the oil sector is to even a moderate confluence of market stressors.

While some pundits are gravely concerned about the U.S.-China trade war, the worst could be yet to come. Some pundits have expressed concerns that the trade war could become something larger, extending to other areas beyond trade. Add to this the possibility for a truly severe oil bottleneck rather than the mere treat of one and a black swan event almost seems like an inevitability.

With this in mind, let's take a look today at three of the biggest oil-weighted energy stocks on the TSX and see which of them is best suited to a place in a long-term dividend portfolio.

Enbridge (TSX:ENB)(NYSE:ENB)

Known for its mix of natural gas and oil pipelines and strong presence across the country, this is a TSX index mega-stock. Up 0.26% to $49.76 at writing, Enbridge got whacked with the low oil stick last week, but somehow managed to turn it around over the weekend.

One of the lowest volatility oil-weighted stocks, Enbridge boasts a relatively insulated 36-month beta of 1.07. It's also not badly priced, with a P/E of 23.4 times earnings and P/B of 1.6 times book. In terms of passive income, a dividend yield of 5.62% is on the higher end of the scale, while year-on-year returns of 22.97% mean that this stock has still got it where it counts.

Suncor Energy (TSX:SU)(NYSE:SU)

A firm favourite with energy investors, Suncor Energy is nevertheless in danger of having its crown stolen from it by the next stock on today's list. Suncor Energy battled fiercely last week, as lower oil and market fears roiled the energy sector. At one point, Suncor had a five-day gain of 1.13%, only to find its five-day average negative by 0.38% over the weekend.

It's more attractively priced than Enbridge, with a P/E of 17.1 times earnings and P/B of 1.5 times book, and while its dividend yield of 3.55% is lower, its outlook is solid, with an estimated earnings growth rate by the end of the fiscal year of 29.43%.

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

With the purchase of the Canadian assets of **Devon Energy**, Canadian Natural Resources continues its canny strategy of buying assets that are physically close to its centre of operations. In 2014, Canadian Natural Resources bought out the same company's conventional oil and gas assets. Then, two years ago, Canadian Natural Resources snapped up a 70% interest in **Royal Dutch Shell**'s Athabasca Oil Sands Project as well as Marathon Oil.

The bottom line

Up 4.34% at the time of writing, Canadian Natural Resources is possibly the one stock to be looking at if you're especially bullish on oil and want to invest in an improving stock. Attractively valued and occupying a stable position in the energy sector, Canadian Natural Resources seems well on its way to overtaking Suncor Energy to claim the oil sands throne.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:ENB (Enbridge Inc.)
6. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Energy Stocks

3. Investing
4. Stocks for Beginners

Date
2025/08/24
Date Created
2019/06/05
Author
vhetherington