Value Opportunities: 2 Oil-Heavy Stocks to Snap Up This Weekend

Description

Not a day goes by when the TSX isn't being either weighed down or brought up by the energy sector, it seems. With natural resources being one of our largest economies, this should come as no surprise to the new investor; however, it's worth pointing out that so much of the market's volatility comes from oil stocks.

So, it was perhaps predictable that the TSX index started showing some signs of recovery in the middle of this week after a hard end to May, which saw several sectors all but decimated by a perfect storm of market stressors. However, the rally was short-lived: energy is again flattening the TSX, with the following major oil stocks being two of the most heavily traded this week in terms of volume.

Husky Energy

With a five-day loss of 2.41% at the time of writing, **Husky Energy** (TSX:HSE) has seen significant price volatility this week. This sturdy Canadian energy ticker could lead the charge towards the higher ground if oil prices rise later on in the year, however, so energy investors may have a key value opportunity on their hands.

While it's not one of the most stable stocks in terms of share price, as seen in this week's performance on the TSX as well as its 36-month beta of 1.66, Husky Energy should have enough to interest the general momentum investor. Meanwhile, its low market ratios (a P/E of 8.6 and P/B of 0.7 times book) suggest a very attractively valued investment. Throw in a decent dividend yield of 3.56%, and you have a tempting play in the oil space.

The earnings outlook is poor, however, with analysts currently unable to spy any growth on the horizon and calling for a hold. Indeed, while its balance sheet is largely solid, Husky Energy's level of debt has increased from 24.6% five years ago to the current 43%. Year-on-year revenue growth of 21.84% and a similar rate in terms of earnings show a solid track record, however.

Suncor Energy

One of Canada's key energy stocks, **Suncor Energy** (TSX:SU)(NYSE:SU) is something of a bellwether, with its share price acting as something of a predictor of the sector. Down 4.61% in the last five days, the omens are not good. However, with an estimated earnings-growth rate by the end of this fiscal year of 29.43%, analysts put this stock as a moderate buy at the moment.

Fairly priced, though not as cheap as the previous stock, Suncor Energy trades with a P/E of 16.9 times earnings and P/B of 1.44 times book. It pays a similar dividend yield as Husky Energy, though — a little higher at 3.83%. Performance investors beware, however: low earnings growth for the past year suggests an underperforming stock, so long-term portfolio holders should do their homework.

The bottom line

Husky Energy's lack of estimated future growth combined with straying slightly out of the debt safety zone support the average analyst hold signal for this stock. Long-range investors looking for a dividend stud to buy and hold should perhaps stick with Suncor Energy at the moment.

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