



Why October Could Be a Big Month for Oil & Gas Stocks

Description

Oil and gas stocks in Canada haven't been great investments in recent years. While some have been [great sources of dividend income](#) for investors, there hasn't been much else to be excited about, certainly not in terms of capital appreciation.

However, when Canadians go to vote on October 21 in the federal election, that could lead to significant changes in the industry. While a low price of oil has been a big problem for the industry, it's been the challenging political landscape that has perhaps weighed even more heavily on investors.

With many roadblocks and often not much support for the oil and gas industry, a change leadership at the federal level could have a significant impact on the outlook for the industry.

Maintaining the status quo will be a problem

A big focus for the liberal government has been on the environment and climate change. And while those are important issues that oil and gas companies have been mindful of, the problem is that the government has essentially picked a side, and it hasn't been with oil and gas companies.

Rather, they've sided with environmentalists, effectively putting it at odds with the oil and gas industry and leading led to significant [challenges](#) for oil and gas companies.

The industry just hasn't received much support, which is a big reason why the Alberta economy has still been unable to recover from a downturn that began five years ago.

While things may have stabilized in the oil and gas industry, they certainly haven't gotten returned to the levels witnessed in 2013 and early 2014.

Suncor Energy Inc ([TSX:SU](#))([NYSE:SU](#)) is a great example of a company that's been doing all the right things, while still struggling to get investors bullish on its stock. Not only has the company posted a strong profit in four of the past five quarters, but it's also made efforts to become more environmentally friendly as well.

In September, the company announced it would be spending \$1.4 billion to improve its carbon footprint at its Oil Sands Base Plant and would utilize co-generation units rather than its existing coke-fired boilers.

That's just one example of Suncor's attempts to be more environmentally friendly. For many opponents of the industry, however, nothing will be enough.

Despite all the well-paying jobs the industry creates and its contributions to the economy, there are many people that will remain opposed to the industry regardless of the efforts companies are making to try and be greener.

Without greater support from the government, given the negativity out there, it would be difficult for investors to want to take a chance on Suncor or any other oil and gas stock today.

In five years, Suncor's stock has risen just 5%.

Change in power could have a significant impact

If the conservatives were to regain power in Canada, we could see a lot more progress being made on approving pipelines, which could bring investors back to the Canadian oil and gas industry.

Either way, the election results could play a very significant role in determining whether oil and gas stocks could be on their way back up — or whether they could be headed for even tougher times ahead.

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