One Oversold Energy Stock With an Insane 20-Year Dividend Streak

Description

One of the most reliable ways to enter into any position for a stock is to look at the 14-day relative strength indicator. The 14-day RSI gives investors an idea of the momentum that a company has by comparing its gains and losses. It helps everybody understand whether a stock is overbought or oversold.

A 14-day RSI below 30 tells us that there is a good reason to believe a stock is oversold, and it could be due for a bounce back up. In the same line of thinking, once a stock's 14-day RSI crosses the 70 mark, the stock could be overbought. It could mean that the stock is due for a downward correction.

While the RSI is a valid indicator, it is not the only factor that should be used. An oversold stock might not be a good buy. You need to conduct your due diligence when you are considering stocks to invest in. The fundamentals should play a more critical role in your decision-making process.

Let us take a look at **Imperial Oil** (TSX:IMO)(NYSEMKT:IMO) to see if it makes a strong contender as a Buy for your investment portfolio.

Imperial Oil

It is no secret that Canada's largest industry has not had the best year. The TSX Oil & Gas Index lost 25% over the past 12 months. The entire industry has suffered from the problems posed by the rough patch for the oil industry, including Canada's second-largest company in the sector, Imperial Oil.

Imperial is one of the mainstay stocks in the industry. American oil giant **ExxonMobil** has a 69% stake in the company, and the company has significant areas of interest in North America. Imperial owns lands in the Greater Sierra field of northeastern British Columbia, as well as some of the southwest Northwest Territories and areas in the Athabasca sands.

Imperial managed to hold relatively steady throughout the year. Still, it is currently recovering from a downturn that saw its share prices come close to 52-week lows. The company's stocks are trading for $32.80 per share at the time of writing, making it 5.45% below its year-to-date value. Imperial's 14-day

RSI is at 32.80 right now.

There is no question that the stock is going for a discount right now. Trading at 11 times earnings, the stock has not been this cheap since 2013. Based on today's price, you can expect to see an upside of over 20%.

Foolish takeaway

The company has a dividend yield of 2.68% at writing, which I feel is sustainable in today's market. Imperial also has a dividend streak going strong at 24 years. The company has outperformed a lot of the other energy companies because it owns its pipeline and refinery infrastructure. The refinery margins often rise when oil prices fall, which could allow Imperial to mitigate oil price volatility.

I feel that Imperial could survive the next 10 years and more. It could be an excellent option to consider adding to your portfolio.

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