



Canadian Natural Resources (TSX:CNQ) Stock Soars 20% in 3 Months

Description

The Canadian oil and gas industry has been getting some good news lately. The Trans Mountain pipeline inches ever closer to construction, crude-by-rail shipments are increasingly providing market access for stranded oil and gas, and the industry in general is finally feeling more hopeful as a result.

These facts have not gone unnoticed by the market, and **Canadian Natural Resources (TSX:CNQ)**([NYSE:CNQ](#)) stock has consequently soared 20% in the last three months. With Canadian Natural Resources stock, we not only have a stock that has been hit by the excessive pessimism that has been surrounding the entire oil and gas industry, but we also have a stock that has industry-leading, quality operations and significant cash flows behind it.

Shining results show the strength of the business

Canadian Natural Resources's business is firing on all cylinders. Anything that the company has control over (which is most things except for oil and gas prices and pipeline constraints), it is are taking care of exceptionally well. Costs are coming down sharply, and the Devon acquisition is increasingly proving to be an excellent one; as a result, cash flows are soaring. In the third quarter, the company generated approximately \$2.5 billion in operating cash flow, and in the first nine months of the year, the company generated approximately \$6.4 billion in operating cash flow.

At the end of the day, Canadian Natural Resources is armed with an exceptional base, and as industry problems are worked through and finally resolved, this will shine through. The company owns long-life, low-decline assets that provide sustainable and predictable cash flow, very efficient operations, and it has in its portfolio significant development opportunities and a large, undeveloped land base.

As I think is pretty evident by now, Canadian Natural's 4% dividend yield is backed by massive amounts of cash flows and a stability and consistency that investors may not think about when they think about oil and gas companies. CNQ has increased its dividend for 19 consecutive years, has never cut its dividend, and today, these trends only look to be gaining momentum.

Market access problems slowly being resolved

We know that Canadian Natural Resources and, in fact, many Canadian oil and gas companies have great resources in the ground, efficient drilling and operational skill, and, most of all, [the extraction of these Canadian resources is among the cleanest in the world](#). All of this makes Canadian oil and gas very desirable worldwide. If only market access problems could be fixed, we could finally see this strength come to light. On this issue, recent happenings are positive; there are definite signs of hope. Crude-by-rail shipments have soared, Alberta has lifted curtailments on production from new wells, and there is hope that production curtailments will continue to fall, if not be eliminated, in 2020.

With Trans Mountain making preparations to put its first pieces of pipe in the ground in Alberta as well as between Edmonton and Vancouver, the progress is palatable. The CEO expects that they will start putting pipelines in the ground in British Columbia in the spring.

Foolish bottom line

A great time to buy stocks is when everyone is negative but, long term, you believe that this negativity will pass. [Pessimism has surrounded oil and gas stocks for a long time now](#). However, it is often in these situations that we can find high-quality, financially strong companies whose stock prices have been taken down to lows that just don't make sense long term. As I hope I have laid out in this article, Canadian Natural Resources is such a stock. With hope starting to return to the oil and gas industry, it is not too late to buy this leader.

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Author

karenjennifer

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