



2 Top Canadian Energy Stocks to Buy Before 2020

Description

Energy stocks have stabilized in the final quarter of 2019 after [suffering from volatility](#) in the early fall. There are now several tailwinds for the energy sector ahead of 2020. The United States-China trade deal, though limited, is still expected to stimulate the global economy, as both economic giants step back on tariffs. On the domestic front, Alberta is set to gradually increase production after instituting cuts in response to plunging Western Canadian Select (WCS) prices in late 2018.

Today, I want to look at two Canadian energy giants that are worth looking at in the final weeks of 2019. Let's dive in.

Suncor

Back in September, I'd explained why **Suncor** ([TSX:SU](#))([NYSE:SU](#)) was one of my [top energy stocks](#) to target. Shares of Suncor have climbed 15% in 2019 as of early afternoon trading on December 17. The stock has achieved average annual returns of 8% over the past five years. This is impressive when we consider the tough spell the oil and gas industry has had over this period.

Investors can expect to see its fourth-quarter and full-year results for 2019 in early 2020. Earlier this month, Suncor unveiled its 2020 capital program and production outlook. Oil production is expected to increase 5% from the midpoint guidance it gave this year. Capital for previously sanctioned E&P step-out developments will rise \$100 million year over year to \$1.1 billion. Suncor has set a free funds flow target of \$2 billion for 2023, and this investment is aimed to drive Suncor to that goal.

Suncor last had a price-to-earnings (P/E) ratio of 13.5 and a price-to-book (P/B) value of 1.4. It is still trading at the higher end of its 52-week range. The stock offers a quarterly dividend of \$0.42 per share, which represents a solid 3.9% yield.

Canadian Natural Resources

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) is another top Calgary-based company that is

engaged in hydrocarbon exploration. Its stock has increased 25% in 2019 so far. Shares have achieved average annual returns of 6.9% over the last five years. It has been able to recoup its losses in recent years in a strong 2019.

This company is also expected to unveil its fourth-quarter and full-year results for the year in early 2020. In the third quarter, Canadian Natural Resources reported record quarterly adjusted funds flow of roughly \$2.9 billion. It has achieved production-per-share growth of 14% compared to the third quarter of 2018. Canadian Natural Resources managed to perform well in the face of production cuts, reaching the higher end of its guidance.

Canadian Natural Resources stock possessed a P/E ratio of 11.9 and a P/B value of 1.3 at the time of this writing. It is trading at the high end of its 52-week range. The stock last paid out a quarterly dividend of \$0.375 per share, which represents a 3.7% yield.

CATEGORY

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