



There's Big Money Yet to Be Made in These 2 Oil Stocks

Description

The oil run continues, with stocks still moving onwards and upwards. Most oil companies are off their lows and look as if they are going to continue their march upwards. Money seems to be moving back into the sector, hopefully for the long term.

As hard as it is to believe, though, with moves of 40% or more in many of these stocks, they are still great buys. That just shows how low they had gotten over the past several years. These stocks are great buys and are moving into an excellent position where they will have enough free cash flow to continue to buy back shares, increase dividends, or hopefully pay down more debt.

I continue to support the idea that these stocks could be millionaire makers for people willing to take a chance on them. There are doubles and triples to be had in the sector. If I had the cash to buy an entire company, I would have done so by now. Unfortunately, I have to settle for picking up as many shares as I can afford to become a part-owner.

I would definitely stick with the juniors, since these have the best shot at getting a major hit. Now there are essentially two ways that you can go with these stocks. You can buy one that pays the big dividend, getting some of your capital back as you wait for the shares to appreciate. Or you can go for the gold, betting on one without a dividend but with the potential for massive leverage to the upside.

(Relatively) conservative investors

If I were wanting to get my capital back while I wait for the shares to start shooting up, I would definitely go for the high-dividend payers. While there are plenty of these, I would go for **Arc Resources** ([TSX:ARX](#)) as my dividend payer of choice. With a yield that still reaches for 7.5%, this stock will give you your money back in a serious hurry.

One thing that impressed me with this stock in one of its recent reports is what it seeks to do with its free cash. According to the report, Arc intends to buy back shares, pay down debt, or even increase its already impressive dividend. As fellow Fool contributor Nikhil Kumar says, [act now](#) and buy some shares.

Adventurous investors

If you are really looking to increase your wealth, you may want to take a shot at the stocks that do not pay a dividend. These companies, unfortunately, do not return any capital while you wait, but they certainly could be [worth the risk](#) if they suddenly take off.

A stock that solidly fits this bill is **Baytex Energy** ([TSX:BTE](#))(NYSE:BTE). This company has been a portfolio breaker in recent years, falling from heights of almost \$60 a share to under a measly \$2 a share. Massive debt loads have plagued this company, but it now appears to be on the right track.

These stocks can be millionaire makers

In the future, investors who have the guts to take a chance on these companies will likely be well rewarded. There is so much upside potential, so many possible catalysts, and a lot of rewards for enterprising investors. Stocks like Arc and Baytex are worth taking a stab at due to their potential outsized returns.

But make no mistake, dear investors: commodities are risky. While returns can be great, there is plenty of hardship that could await you if the companies go down. This is the wild west of risk and return. But the risks are worth it. Take a chance on either of these two, and you will likely be rewarded in the long run.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:ARX (ARC Resources Ltd.)
2. TSX:BTE (Baytex Energy Corp.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/08/22

Date Created

2020/01/11

Author

krisknutson

default watermark

default watermark