



One Oversold Stock That Fell 43% in 2019, but Could Rise 50% in 2020

Description

Gran Tierra Energy ([TSX:GTE](#))([NYSEMKT:GTE](#)) is a relative newcomer in the upstream oil sector. The company was only founded in 2005, and primarily carries out oil and gas exploration in South America. Gran Tierra's major oil fields are located in Colombia, where civil unrest is hitting its peak.

This ongoing nationwide turmoil aimed at the Colombian president has severely affected Gran Tierra's supply chain. It is already reeling from a 4,500 barrel daily [output](#) cut due to blockades caused by farmer protests. This is the reason why even a 30% rise in the Brent crude price last year couldn't save its stock from plummeting.

in 2019, Gran Tierra stock has fallen from \$2.11 to \$1.21, a nearly 43% drop. With that as the backdrop, we are going to find out if you should invest in Gran Tierra stock this year, and whether it can rise back 50% this year.

Bearish analysis

The unrest in Colombia is not going to end any time soon. Experts fear that road and transportation blockades would further hit the company's crude output. It is essential to mention here that a state-owned Colombian petroleum company had 32 pipeline attacks last year.

So, the attacks on pipelines and other oil installments is another scary prospect that further increases the uncertainty about the company's performance this year. Gran Tierra's forecast regarding its 2020 production also highlights this uncertainty.

Gran Tierra has announced plans to increase daily crude output between 35,500 and 37,500 barrels, which is marginally higher than the last year's 35,454 barrels per day average. Despite such an underwhelming growth target, the company is also looking to reduce its debt. For the time being, this decision will not help its stock to recover.

If you are in for buying and selling a stock the same year, then Gran Tierra might not be the company you are looking to invest in.

Bullish analysis

I like the fact that even after taking all that beating, Gran Tierra hasn't turned into a highly volatile stock. Gran Tierra stock's beta value is 0.92, which indicates that it swings less than the overall market.

Also, the debt reduction strategy, if carried out in the right manner, will make the outstanding debts of the company manageable by the end of this year. This is another aspect that makes Gran Tierra stock a decent long-term buy.

However, there is one thing that might give an immediate boost to Gran Tierra stock – the ongoing [U.S.-Iran conflict](#). Crude oil prices have already started soaring. If the conflict brews further, it can skyrocket the price and might provide an unexpected boost to Gran Tierra stock.

Summary

I think it is a risk to invest in Gran Tierra stock this year. Except for the U.S.-Iran skirmish, which may not escalate, there are no signs that Gran Tierra stock will grow this year. However, Gran Tierra's outlook is not as grim for long-term buying.

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