



1 Reason to Buy Dirt-Cheap Oil Stocks Today

Description

The one-two punch of the COVID-19 outbreak and the Saudi-Russia [oil price war](#) has battered the S&P/TSX Composite Index in March. Oil stocks have sustained the heaviest losses over the course of this violent market pullback. The price of Western Canadian Select fell to its lowest level on record this week, which has cast a dark cloud over one of Canada's most important industries.

Today, there is reason for optimism. The spot price for WTI Crude and WCS has improved marginally on the heels of massive stimulus from governments across the developed world. There is reason for excitement on the domestic side, as the Canadian government prepares to launch an aid package of its own.

An oil and gas bailout may be imminent

According to a recent report in the *Globe and Mail*, the Canadian federal government is preparing a multi-billion-dollar bailout package for the domestic oil and gas sector. This package is expected to be unveiled early next week. Details are sparse, but the oil and gas sector can expect to receive greater access to credit. There will be a significant focus on small- and medium-sized operations. The package is also expected to include funding to create jobs for laid-off workers.

Alberta energy CEOs recently released a letter to Prime Minister Justin Trudeau. It asked for a creation of a Troubled Asset Relief Program (TARP) to purchase distressed assets in the oil and gas sector. This would have elements in common with the U.S. bailout of the automobile sector in 2008-2009.

There is another development that may lead to a rebound for the sector in the near term. U.S. President Donald Trump recently said that he would get involved in the Saudi-Russia price war to encourage production cuts and stabilize prices.

Two top oil and gas stocks to buy now

When oil entered a bear market in June 2019, I'd targeted two of Canada's most reliable energy

players. Today, I want to [revisit these top options](#) ahead of this potential deal. Investors should look hard at oil stocks in late March.

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) stock has plunged 60% month over month as of close on March 19. The company has proven resilient in the face of lower prices and was vocal in opposition to Alberta's production cuts in late 2018. In 2019, Suncor saw operating earnings increase marginally to \$4.35 billion. Suncor also holds the bragging rights of being one of Warren Buffett's favourite TSX stocks. He recently added to his position in the company.

Shares of Suncor Energy last had a favourable price-to-earnings (P/E) ratio of 8.4 and a price-to-book (P/B) value of 0.5. The stock last had an RSI of 13, putting it well into technically oversold territory. Suncor last increased its quarterly dividend to \$0.47 per share. This represents a monster 11.9% yield at the time of this writing. The company has delivered dividend growth for over 15 consecutive years.

Canadian Natural Resources stock has plummeted 71% month over month. This has pushed its shares into negative territory in the year-over-year period. The company recently announced that it was seeking to slash spending by \$1 billion while implementing a hiring freeze to survive record-low crude prices.

Shares of Canadian Natural Resources last possessed a very low P/E ratio of 2.4 and a P/B value of 0.3. The company last announced a dividend increase to \$0.42 per share, representing a stunning 15% yield at the time of this writing. It has delivered dividend growth for 19 consecutive years.

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1. Energy Stocks
2. Investing

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2. TSX:SU (Suncor Energy Inc.)

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