



## Oil Crisis: Should You Buy This TSX Stock During a Market Crash?

### Description

Nitrogen dioxide levels are finally rising in China. Just a few months ago, few could've imagined that anybody could be relieved at this news. But the coronavirus crash has thrown the oil crisis into sharp relief this month.

The [outlook for oil and gas stocks](#) was bleak enough at the end of February, so seeing an uptick in demand in China is a light at the end of the tunnel for the oil sector.

Indeed, watching China get back on its feet is heartening for the rest of the world. Major cities are going into lockdown to slow the spread of COVID-19. Investors are wringing their hands over the oil crisis. Airlines are becoming inactive. So the last few months have been bad enough. And now we're barely through March and already the sector is in need of government intervention.

### The oil crisis has been a long time coming

There's been an oil price war bubbling under world events for years. Price competition between Russia and the U.S. has driven prices to historic lows. The latest sign of how bad things have become came with the recent failure of OPEC to reach an agreement to critically reduce output.

Throw in that grinding trade war between China and the U.S. and you have a scene set for an interminable oil crisis. And then along came the [coronavirus market crash](#).

But the outlook for oil has been bad for some time. The arrival of COVID-19 has just made it exponentially worse. Whole sectors could fail as a result, such as airlines. Worst of all, oil and gas stocks have been totally hammered this week.

Look at **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)), down 42% on average. But check out that yield. A 15% dividend is nothing to be scoffed at. Whatever one's position on the oil price war, the chance to lock in 15% is certainly tempting. Other investors are getting the same idea: Canadian Natural Resources bounced 10% Friday on news of an oil stimulation package.

The name is a top pick for oil and natural gas investors. Its strong presence in Western Canada is diversified with sites in the North Sea and off the coast of Africa. Investors get access to the full gamut of light, medium, and heavy oil, as well as bitumen, synthetic oil, NGL, and gas.

Justin Trudeau's \$82 billion emergency stimulation package should go some way to prop up demand. A \$1 trillion dollar package across the border in the U.S. could do likewise.

Will it help to relieve the oil crisis and buoy stocks like Canadian Natural Resources? At the end of the day, emergency stimuli such as these can only help.

## The bottom line

Should investors be buying into big oil names like Canadian Natural Resources? Some pundits have floated the idea of a rally by the end of 2020. If the oil price war dialled down, it's not impossible.

Political change is in the air, after all, and oil could see a recovery if the global economy absorbs COVID-19 quickly enough. If that happens, this blue-chip stock could come back stronger.

### CATEGORY

1. Dividend Stocks
2. Investing
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### TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:CNQ (Canadian Natural Resources Limited)

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