



What's Going on With Canadian Energy Stocks?

Description

The coronavirus has pretty much taken over headlines as of late. The COVID-19 virus has sent stocks plummeting as the world basically shuts down all non-essential services. Yet if COVID-19 weren't in the picture, the sole focus on investors right now would be on energy stocks.

Oil and gas stocks have crashed with the recent news coming from the Organization of the Petroleum Exporting Countries (OPEC). Russia announced it would not be cutting back its production of oil and gas, and Saudi Arabia took it one step further announcing it would be increasing its production.

This has sent both gas and share prices to lows not seen in years, if not decades. West Texas Intermediate crude oil sunk to \$20 a barrel, the biggest loss in almost two decades.

What about Canada?

Canadian energy companies already trade oil and gas at a discount to the rest of the world. As global prices continue to fall, Canadian companies are likely to see prices sink well below the global average. This could last a while, unfortunately.

First, there's the problem of Russia and Saudi Arabia to deal with. Then, COVID-19 has actually brought the use of crude oil and gas down in countries like China that were under quarantine, which means that the demand is actually lower than it was before the virus.

Back home, until the issue of pipelines are fixed we are likely to continue seeing a discounted cost of oil and gas. There are companies, however, that are on the way to fixing this problem. Canadian companies have the ability to pump out a *lot* of oil, but few ways to ship it quickly.

Companies like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) and **TC Energy Inc.** ([TSX:TRP](#))([NYSE:TRP](#)) are two companies trying to [fix this problem](#), investing billions to expand pipelines across North America.

Further hurdles ahead

As you've likely already seen, there isn't an easy solution when it comes to pipelines. Companies must abide by environmental and social concerns, and these concerns are completely valid.

The good news is that when these companies come to an agreement, each company will be some of the first leading the charge to a cleaner, more socially responsible way of producing energy. Other companies trying to have permits approved will have to jump through hoops already reached by companies like Enbridge and TC Energy.

Where to invest?

If you're looking to invest in Canadian oil at today's bargain prices, be careful. I wouldn't look at those smaller companies that might not have the backing needed to weather a storm like today's market crash. Instead, look for companies with a solid history of earnings, cash on hand, and future growth.

Both Enbridge and TC Energy offer investors a chance to buy cheap and enjoy the cash coming in from long-term projects, as well as take advantage of the future growth projects in the works.

Energy stocks will [rebound eventually](#), it can just take some time. Investing in the right companies for the long term means you'll be making significant sums over the next few decades, with dividends to reinvest along the way.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

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2. NYSE:TRP (Tc Energy)
3. TSX:ENB (Enbridge Inc.)
4. TSX:TRP (TC Energy Corporation)

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Author

alegatewolfe

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