



## Elon Musk's Net Worth Surpasses Bill Gates — What's Next?

### Description

The CEO of **Tesla Inc.** ([NASDAQ:TSLA](#)), Elon Musk, has had a good year. His net worth keeps growing along with Tesla's stock price. According to the *Financial Post*, he currently boasts a net worth that is approaching \$500 billion.

### Tesla stock hits the jackpot with its electric cars

Tesla stock has skyrocketed 580% in 2020. It seems to have everything on its side. The macro environment favours the environmentally friendly theme. Tesla's battery-charged electric cars fit nicely here. Momentum is also clearly on Tesla stock's side. Investors are riding high on this hot stock of the day. Everyone wants a piece of the action. This is where I start to get a little nervous.

If we dig deeper, we see a stock that has many weaknesses. For example, Tesla stock is trading at very lofty valuations. Also, analyst expectations are being adjusted downward for Tesla. It is mostly a slow creep lower, but that isn't the direction we want to see.

The electric car is here to stay. But there are many key questions that have yet to be answered. First of all, what will be the electric car of choice? Will it be the battery-powered electric car or the fuel cell-powered electric car?

Second, as with any emerging industry, the early players are not necessarily the players that will survive. Tesla is factoring in excessively optimistic expectations. It is priced for perfection. Again, this is where I start to get nervous.

### Unrealistically low expectations

On the flip side, we have the oil and gas industry. Elon Musk has been very vocal about his hate for the fossil fuel industry. Today, this industry is pricing in the worse of expectations. But is this, in fact, accurate?

Many years ago, many of the world's richest came out of the oil and gas industry. This was where many fortunes were made. I mean, it was the oil and gas industry that enabled the industrial revolution. This was the industry that kept everything running at work and at play.

That all seems like a distant memory now. Today, we are witnessing an energy transition. The oil and gas sector has been counted out as dead and gone. But I think the market has reacted too impulsively here, as we're only at the beginning of this energy transition. It will take time. We will still need oil and gas companies for many years to come.

The market has swung too far in terms of its valuation of oil and gas companies today. This is very intriguing to me. I have written about this in many articles before. While I may have been too early in calling a bottom for oil and gas stocks, timing isn't everything. Tesla was a better buy then, but not anymore.

## Rising from the ashes

**Canadian Natural Resources Ltd.** ([TSX:CNQ](#))([NYSE:CNQ](#)) has been severely undervalued for many reasons. For example, years of underinvestment in pipelines in Canada have hit local oil prices. Also, oil price wars and plunging demand due to the pandemic. Finally, [the move toward clean energy](#) has been a dark cloud over Canadian Natural Resources stock.

But Canadian Natural Resources is Canada's best-in-class oil and gas stock. It is no Tesla, but its long-life, low-decline assets are a gem. The company has comparatively low capital expenditures and a high degree of predictability with an asset base that's resilient, diversified, and flexible.

Because of this, [the company churns out massive amounts of cash flow](#), even in hard times. Recent third quarter cash flow came in at \$1.7 billion and year-to-date cash flow came in at \$3.4 billion. Free cash flow after dividends came in at a healthy \$467 million.

## The bottom line

Elon Musk has certainly done phenomenally well, surpassing Bill Gates in his wealth. The excitement about and demand for new, environmentally friendly electric cars has been exploding — which of course explains why Tesla has risen to these heights.

Today, I see the oil and gas industry finally attempting to rise up again. Investors have beaten stocks like Canadian Natural Resources stock down too hard. It's time for a revaluation.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks

### TICKERS GLOBAL

1. NASDAQ:TSLA (Tesla Inc.)
2. NYSE:CNQ (Canadian Natural Resources)

3. TSX:CNQ (Canadian Natural Resources Limited)

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