3 Under-$10 Canadian Energy Stocks to Buy Today

Description

Energy stocks are trading on a negative note in July after posting solid gains last month. After reaching their multi-year high earlier this month, oil prices have dived by more than 6% in the last few sessions. This has pressurized energy stocks. The recent drop in oil prices came after major oil-producing nations failed to reach an agreement on increasing oil production amid rising demand. However, the broader uptrend in oil prices is likely to resume after the ongoing short-term correction. That's why it could be a good opportunity for investors to buy their favourite energy stocks cheap. Here's a list of three **TSX** energy stocks — currently trading below $10 per share — that you can buy today.

Enerplus stock

Enerplus (TSX:ERF)(NYSE:ERF) is a Calgary-based oil and gas exploration and production firm with a market cap of $2.1 billion. Its stock has lost 6.4% in July so far to $8.34 per share. Nonetheless, it's still trading with about 110% year-to-date gains.

While Enerplus posted a 39% YoY (year-over-year) decline in its total revenue in the first quarter this year, its annual sales are expected to more than double to about $1.8 billion in 2021. The company is focusing on reducing its costs. Enerplus's management expects to reduce its total well cost in North Dakota by about 20% this year compared to 2019. The cost-reduction steps are likely to help the company improve its bottom line. Rising sales along with reducing costs could keep its stock soaring in the second half of 2021.

MEG Energy stock

MEG Energy (TSX:MEG) is another fundamentally strong energy stock you may want to add to your portfolio right now. While the stock has slipped by 5.6% in July, it's still trading with about 90.3% year-to-date gains at $8.47 per share.

After its revenue fell by 42% in 2020 due to the global pandemic-driven demand issues, it has already started recovering. In the first quarter, MEG Energy reported a 37.4% YoY rise in its sales to $914 million. The sales growth rate is likely to accelerate further in the coming quarters, as its 2021 revenue is expected to rise by more than 50%.

Due to its strong production in Q1, MPG Energy's management revised its 2021 production guidance to 88,000-90,000 barrels per day. A continued positive trend in its production and sales could keep its stock rally going in the coming months.

Crescent Point Energy stock

Crescent Point Energy (TSX:CPG)(NYSE:CPG) could be another great energy stock to buy right now. It's currently trading with 69% year-to-date gains at $5.01 per share — despite sliding by 10.7% in July so far.

Just like most other energy companies, Crescent Point's revenue is likely to significantly rise this year with the help of rising energy demand amid reopening. Bay Street analysts estimate Crescent Point Energy's 2021 adjusted earnings to rise to $0.62 per share — much better compared to a net loss of $4.76 per share last year. During its Q1 earnings event, the company said that it expects to generate excess cash flow in the range of $525-$650 million this year.

Despite the ongoing short-term correction, a continued recovery in oil prices and strong energy demand make these three energy stocks attractive to buy right now.

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