



## 3 Canadian Energy Stocks to Buy as the Crude Oil Rally Heats Up

### Description

Crude oil prices breached US\$75 per barrel level on July 13, as the demand-supply equation remained skewed. The [impasse](#) of OPEC+ countries has created a supply crunch, which might continue to drive energy prices higher in the short term.

Here are three Canadian energy stocks to play the crude oil price rally.

### Suncor Energy

Canada's largest oil sands producer, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), has been a laggard in the sector lately. Its operations run on all nodes of the energy value chain from oil production and refining to the marketing of petroleum products. These integrated operations lower the financial impact of volatile oil prices to some extent.

The pandemic badly dented the integrated energy titan's financials last year. However, as crude oil has reached pretty respectable levels recently against last year, Suncor will likely see a decent earnings recovery in the next few quarters.

In Q1 2021, Suncor mentioned that it covers sustaining capital and dividends at WTI US\$35 per barrel. That means there is huge potential for significant free cash generation this year, as crude oil prices have breached US\$75 levels.

The excess free cash flow will likely go towards bolstering its balance sheet and shareholder dividends. It trimmed dividends by 55% last year amid lower oil prices.

Suncor Energy stock has doubled since November 2020. It could create remarkable value for shareholders, as energy demand improves further post-pandemic.

### Whitecap Resources

**Whitecap Resources** ([TSX:WCP](#)) is a mid-sized energy stock that has seen some of the steepest rallies since last year. The stock is up 200% in the last 12 months and still seems to have steam left.

In the latest six months, Whitecap reported a net income of \$352 million against a loss of \$2.3 billion in the comparable period last year. The recent strength in crude oil could accelerate Whitecap's financial growth, which could drive the stock further higher.

It recently raised dividends and now yields 3.2%. With strong prospects of earnings and [dividend](#) growth, Whitecap Resources will likely create remarkable shareholder value in the long term.

## Canadian Natural Resources

Canada's biggest energy company by market cap, **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) has returned approximately 280% since March 2020.

It has one of the strongest balance sheets in the Canadian energy space, which helped it continue with the [dividend](#) increase last year. CNQ has a strong liquidity position, and it has been aggressively repaying debt recently.

In addition, its diversified product portfolio, which includes crude oil, natural gas, and liquids, plays well for its earnings stability. CNQ also has a breakeven point close to peer Suncor Energy's and thus, the current oil price rally should bode well for its free cash generation.

In its July 2021 presentation, CNQ stated that it could leave have approximately \$7 billion in free cash flow this year after paying dividends if WTI oil stays close to US\$60 per barrel.

CNQ increased its dividends by a remarkable 11% last year, making its 21st consecutive increase. It yields a handsome 4.3% at the moment, superior to peers. Interestingly, its stable dividend profile and high free cash flow growth prospects make it an attractive bet for long-term investors.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:SU (Suncor Energy Inc.)
5. TSX:WCP (Whitecap Resources Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

**Category**

1. Dividend Stocks
2. Energy Stocks
3. Investing

**Date**

2025/08/23

**Date Created**

2021/07/14

**Author**

vinitkularni20

default watermark

default watermark