2 Beaten-Down TSX Energy Stocks That Are Screaming Buys

Description

While the Delta variant has paused a recent broad market rally, it has been a bigger spoilsport for the entire energy sector. Crude oil has fallen almost 20% in the last five weeks, and, undoubtedly, energy stocks have followed. So, let's see why this could be a short-term blip and why long-term investors could make the most of it by buying these top TSX energy stocks.

Canadian Natural Resources

Canada's biggest energy stock by market cap, **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) is one of my favourite TSX stocks — not only because of its year-long rally or the stable dividend profile, but because it has the potential to outperform in the future as well. It has a diversified product base with crude oil, natural gas, and natural gas liquids that facilitate stable earnings.

In addition, although oil prices have dropped recently, it has a breakeven point way lower than current levels that might drive a decent free cash flow growth. Additionally, its strong balance sheet is another plus, which allows consistently growing dividends for shareholders. CNQ stock currently yields 5%, way higher than peers.

While CNQ stock is not entirely protected from energy market weakness, it is much better placed against peer TSX energy stocks. Its robust dividends and appealing valuation, particularly after the recent correction, should attract discerned investors.

Tourmaline Oil

Since last month, Canada's biggest natural gas producer stock **Tourmaline Oil** (TSX:TOU) has dropped more than 15%. It could be an excellent opportunity for long-term investors. It looks well placed for growth, as energy markets resume their upward climb in the next few months on the reopening hopes.

In the last six months, its revenues have more than doubled against the same period in 2020. Higher demand and higher energy commodity prices played really well for Tourmaline Energy. Moreover, it posted a net income of $670 million in the first six months of 2021. In comparison, it reported a loss of $15 million in the same period last year.

Demand for natural gas could shoot up later in the year, further boosting Tourmaline’s earnings. Its operational efficiency has improved in the last few quarters and was visible in the profit margin expansion. Besides, recently completed acquisitions have resulted in increased scale that has also brought down costs and has helped margins.

Tourmaline Oil pays stable dividends that currently yield 2%. Despite the recent correction, the stock is still sitting on handsome gains of 75% for the last 12 months. If you are looking for growth and are bullish on the energy market recovery, Tourmaline Oil should be on top of your watchlist.

Bottom line

Energy stocks might have dug a deep hole in investors’ pockets in the last decade. However, they currently look well positioned for the long-term outperformance post-pandemic. As the Delta variant fears subside, crude oil will likely soar higher again, taking top energy stocks along with it. Higher oil prices and accelerated earnings growth as against last year could be some of the key drivers for TSX energy stocks in the second half of 2021.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:CNQ (Canadian Natural Resources Limited)
3. TSX:TOU (Tourmaline Oil Corp.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. vinitkularni20

Category

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

Tags

1. Editor's Choice

Date
2025/07/19
Date Created
2021/08/23
Author
vinitkularni20