



2 No-Brainer Energy Stocks to Profit from Rising Oil

Description

We are in the midst of a major bullish period for oil.

As of this writing, West Texas Intermediate (WTI) crude was at \$81 and Brent Crude at \$83—the highest prices seen in years.

In 2020, oil prices fell to record lows. At one point, WTI futures turned negative. But starting in January, the commodity began a steep ascent, taking it to highs not seen since 2014.

At this point, it looks like oil prices could top \$100 for the first time in over a half-decade. And oil stocks are predictably rallying on this development. With higher oil prices come higher margins for integrated energy companies. Whether you look at U.S., European, or Canadian oil stocks, they're all rallying. In this article, I'll take a deep dive look at two Canadian energy stocks profiting off higher oil.

Cenovus Energy

Cenovus Energy ([TSX:CVE](#))([NYSE:CVE](#)) is a [Canadian integrated energy company](#) involved in:

- Producing oil and gas.
- Refining oil and gas.
- Selling oil and gas.

With its recent acquisition of Husky Energy, Cenovus now has a large chain of gas stations where it can sell gasoline direct to consumers. In 2021, this is a high-margin business, as the price of gasoline is soaring at the pumps. While you might bemoan the higher prices you're paying to fill up your car these days, you can profit from these high prices by investing in CVE.

How are the higher oil and gas prices treating Cenovus Energy? We can look to the company's most recent quarterly earnings to get a clue. In its most recent quarter, CVE delivered:

- \$1.37 billion in cash from operations (up from a \$800 million outflow).

- \$1.28 billion in free funds flow (up from a \$600 million outflow).
- \$224 million in net income (up from a \$235 million loss).

Pretty solid results. And we'll likely see even better results in Q3, with the staggeringly high oil prices observed recently.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is another Canadian energy stock like Cenovus Energy. Much like Cenovus, it is a fully integrated energy company, involved in extracting, refining, and selling oil. It is best known for its chain of Petro-Canada gas stations where it sells oil directly to Canadian consumers. It also exports oil to U.S. markets like Colorado.

In its most recent quarter, Suncor Energy delivered:

- Over \$2 billion in cash flow.
- \$722 million in operating income.
- \$868 million in net income.

The cash flow figure was up significantly, while the profit measures swung positive compared to negative figures from the prior-year quarter. So Suncor, much like Cenovus, is profiting from higher oil prices. And, like Cenovus, its earnings are likely to be higher in the third quarter, as the price of oil was even higher in that quarter than in the second.

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1. Dividend Stocks
2. Energy Stocks
3. Investing

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