



3 Undervalued Energy Stocks to Buy Before 2022

Description

The [oil and gas sector](#) enjoyed a bull market for the better part of 2021. Prices rebounded due to improved demand, as the global economy recovered after a brutal stretch in the previous year. Volatility has returned in force due to the rise of the Omicron COVID-19 variant. Increased restrictions across the developed world could torpedo the strong demand that has returned in 2021. Today, I want to look at three [discounted](#) energy stocks that are worth snatching up during this recent market pullback. Let's dive in.

Here's why Suncor should be in your portfolio ahead of the new year

Suncor ([TSX:SU](#))([NYSE:SU](#)) is one of the largest integrated oil and gas companies in Canada. Shares of this energy stock have climbed 39% in 2021 as of early afternoon trading on December 15. The stock has dropped 8.1% in the month-over-month period. I'd [suggested](#) that investors should snatch up Suncor in late November.

In Q3 2021, the company delivered funds from operations of \$2.64 billion, or \$1.79 per common share — up from \$1.16 billion, or \$0.76 per common share. Meanwhile, cash flow from operating activities jumped to \$4.71 billion, or \$3.19 per common share, over \$1.24 billion, or \$0.82 per common share, in the prior year.

The company announced a quarterly dividend hike to \$0.42 per share in late 2021, representing a strong 5.6% yield. Shares of this energy stock possess a favourable price-to-earnings (P/E) ratio of 18.

This top energy stock just sent off a buy signal

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a Calgary-based energy infrastructure company. This energy stock has climbed 12% in 2021 as of early afternoon trading on December 15. The stock is down 5.3% in the month-over-month period.

It unveiled its third-quarter 2021 earnings on November 5. The company delivered comparable earnings of \$1.0 billion, or \$0.99 per common share, in Q3 2021. Meanwhile, comparable EBITDA reached \$2.2 billion. Both earnings and EBITDA were down in the year-over-year period due to some instability in its pipeline businesses in the third quarter.

Shares of this energy stock last had a P/E ratio of 30. That puts TC Energy in middling value territory compared to its industry peers. However, it has hovered in or around technically oversold territory since its mid-November plunge. It offers a quarterly dividend of \$0.87 per share, which represents a very strong 5.9% yield.

One more energy stock I'd scoop up before 2022

Imperial Oil ([TSX:IMO](#))([NYSE:IMO](#)) is the third energy stock I'd look to snatch up in the middle of December. This stock has shot up 70% in the year-to-date period in 2021. However, its shares have dropped 4.7% over the past month.

In Q3 2021, Imperial Oil saw its net income surge to \$908 million compared to a paltry \$3 million in the previous year. The company delivered net income of \$1.66 billion, or \$2.31 per share, in the third quarter of 2021 — up from a net loss of \$711 million, or \$0.97 per share, in Q3 2020. It declared a quarterly dividend of \$0.27 per share, which represents a 2.5% yield.

This energy stock is trading in favourable value territory relative to its competitors in this sector. I'm looking to snatch up Imperial Oil on the dip right now.

CATEGORY

1. Energy Stocks
2. Investing

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1. NYSE:SU (Suncor Energy Inc.)
2. NYSE:TRP (Tc Energy)
3. NYSEMKT:IMO (Imperial Oil Limited)
4. TSX:IMO (Imperial Oil Limited)
5. TSX:SU (Suncor Energy Inc.)
6. TSX:TRP (TC Energy Corporation)

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