



Paramount Resources Jumps 10% After Dividend Boost

Description

Paramount Resources ([TSX:POU](#)) shares jumped 10% in early morning trading on Dec. 16 after the company started its new dividend. Paramount now trades at \$22.85 as of writing with a price-to-earnings ratio of 7.09.

What happened?

Research analysts continue to weigh in on Paramount Resources, with a [consensus](#) “buy” recommendation for the stock. The average target price now sits at \$28.59 — a potential upside of 25% as of writing.

After Paramount’s most recent earnings report in November, analysts started to up their targets for the energy company. **National Bank**, **Royal Bank**, and **Scotiabank** all came out in support of its recent growth and the addition of a dividend.

That dividend is likely what caused investors to buy the stock, as the company stated investors of record on Dec. 15 would receive its dividend of \$0.06 per share starting Dec. 31. This represents \$0.72 annually from its dividend — a yield of 3.47% as of writing.

So what?

Nothing of note really happened with Paramount. Instead, it’s the new dividend that likely caused the jump. Still, that doesn’t make the company a poor investment.

The [\\$3.22 billion company’s](#) assets continue to perform well, creating free cash flow that have been impressive, according to analysts. Despite facility constraints, it’s been delivering enormous returns to shareholders. The company is currently up a whopping 305% this year alone and climbing.

Yet the company remains a steal, even with all this growth. It trades at 7.09 times earnings, and 1.29 times its book value, making it a value stock — especially when you take into consideration its dividend

yield of 3.47%.

Now what?

Investors may not be able to get the first dividend payment today, but you can certainly [latch](#) onto this stock for strong returns. Paramount continues to see its investments rise, and so do analysts. As energy prices continue to climb as well, the company is surely able to bring in more long-term value.

And with prices still low compared to its value, it's a great time to pick up Paramount stock at these levels. Even after the 10% jump. Besides, as a monthly dividend payer, there's always next month!

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