Should You Buy Canadian Natural Resources (TSX:CNQ) Stock Today?

Description

2021 presented an entirely different picture from 2020 when it came to recovering from the impact of a global health crisis that put the world into strict lockdowns and disrupted economic activities. The possibility of moving into a post-pandemic era was on the horizon. But reopening efforts were stalled once again by another COVID-19 variant.

The surge of COVID-19 cases worldwide led by the new Omicron variant disrupted economic activities across all industries. The broader equity markets have seen a dip of around 5% in light of the changing circumstances, but the energy industry has seen a more significant downturn in recent weeks.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is one of the most significant players in the Canadian energy industry. The $60.18 billion market capitalization oil and natural gas company that operates primarily in Western Canadian provinces managed to fare better than most of its peers during the same time.

CNQ is one of Canada's largest natural gas and crude oil producers, deriving 90% of its revenues through crude oil and natural gas liquids, while generating the rest through natural gas production operations.

It is a reliable Canadian dividend stock with a lengthy dividend-paying streak that has outperformed its peers. Today, I will take a closer look at the stock to help you determine whether it could be a worthwhile addition to your investment portfolio in the long run.

Strong financial position

Canadian Natural Resources stock made a massive comeback in 2021 on the back of rising traditional energy commodity prices. The company has generated a net income of $5.1 billion in 2021. It is a massive improvement from its $1.12 billion in losses during the same period in 2020. The reopening of international borders and increasing domestic travel demand have led crude oil prices to appreciate more than double, boosting its earnings.

At writing, CNQ stock is trading for $51.14 per share, and it boasts a juicy 4.60% dividend yield. Its strong financials and balance sheet allow its management to disburse its quarterly shareholder dividends comfortably. The company managed to keep providing its shareholders with growing dividend payouts when several of its peers were forced to slash dividends to preserve liquidity.

November 2021 saw the company deliver a 25% dividend hike, reinforcing its management's confidence in its ability to sustain its shareholder dividends.

Foolish takeaway

Provided that fears of the Omicron variant subside, crude oil and natural gas prices could become more stable in the coming weeks. Energy demand could also increase as reopenings resume through the next few months. Experts have a price target for crude oil at US$125 per barrel in 2022, and it could rise to US$150 by 2023.

The positive outlook for the industry in the next 12-24 months could spell fantastic news for CNQ stock and its investors. Buying shares of the company right now could provide you with significant shareholder returns as economic activities slowly inch to pre-pandemic levels.

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