



Why Energy Stocks Tumbled on Monday

Description

Energy stocks continued to drop on the **S&P/TSX Composite Index**, adding to the increasing turmoil left in the wake of Omicron variant surges. Oil prices dropped about US\$5 per barrel in early morning trading, combined with even more losses the night before.

What happened?

The weekend wasn't full of great news, as the Omicron variant of COVID-19 continued to stretch across Europe and the United States. In Canada, several announcements to curb the spread include restrictions not seen since September.

Investors remained worried that the spread could hit the demand for fuel. Many [hoped](#) the spread could be put under control, but the cases continue to grow higher and higher. Even as vaccine companies announce their booster may indeed protect against the new variant.

The announcements led to heavy losses for some companies. This included **Westshore Terminal Investment** ([TSX:WTE](#)) **Frontera Energy** ([TSX:FEC](#)), and **UR-Energy** ([TSX:URE](#)) dropping 10% and **STEP Energy** ([TSX:STEP](#)) down 12%.

So what?

These are companies you may want to avoid in the future, as, unfortunately, energy stocks don't look to be improving anytime soon. Pessimism remains across financial markets, not just in Canada, as the variant spreads. In fact, it also led to one U.S. Senator opposing President Joe Biden's US\$2 trillion infrastructure package over the uncertainty surrounding Omicron.

Much of that infrastructure was aimed at energy stocks, and there are likely to be even less deliveries in January as the virus spreads. And these energy companies, [unfortunately](#), are only likely to see their share price and production decline even further.

Now what?

It's probably best to stay away from energy stocks in general these days. True, these have been a safe haven in times of turbulence. In fact, when oil prices were down, it used to be that you'd want to pick up these companies in bulk!

Today, that's no longer the case. The virus continues to stress out energy stocks, but it's more than that. Now, the world is turning towards new revenue streams through clean energy production. And that simply won't be these few companies with share prices down.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:FEC (Frontera Energy Corporation)
2. TSX:STEP (STEP Energy Services Ltd.)
3. TSX:URE (Ur-Energy Inc.)
4. TSX:WTE (Westshore Terminals Investment Corporation)

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