



3 Oil Stocks to Buy in Canada Today

Description

The TSX advanced 145.2 points on December 22, 2021, to climb past 21,000 once more. Some market observers think Canada's economy can endure the present Omicron-induced headwinds. Meanwhile, the [energy sector](#) gained 1.24% to up its year-to-date gain to 76.98%.

If you were to invest in oil stocks today, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)), and **NuVista Energy** ([TSX:NVA](#)) are among the [best choices](#).

Triumphant comeback

Suncor Energy is among the most heavily traded stocks lately. The oil bellwether gained 3.68% in the last five trading sessions, despite the renewed volatility. At \$31.31 per share, the year-to-date gain has ballooned 52.32%. Likewise, the dividend yield (5.43%) is back to the pre-pandemic level.

The \$45.62 billion integrated energy company staged a triumphant comeback this year. Suncor president Mark Little said, "We enter 2022 with strong momentum and remain steadfast in our focus on operational excellence, capital and cost discipline, increasing shareholder returns and delivering a more resilient future."

Little revealed that efficiency will be the focus next year. Suncor Energy targets a 5% production growth and a 6% reduction in capital expenditures. He described the scaled-down spending plans as "enabled by efficiencies across the business." In Q3 2021, Suncor generated \$2.64 billion in funds from operations — a 126.5% year-over-year increase.

A pair of high flyers

NuVista Energy (+624.47%) and Cenovus Energy (+100.62%) have enormous returns as the year winds down. The share prices of \$6.81 and \$15.44, respectively, are relatively cheap vis-à-vis their upside potential. Market analysts recommend buy ratings for both [growth stocks](#).

Like Suncor, NuVista benefits from rising commodity prices. In the nine months ended September 30, 2021, petroleum and natural gas revenues increased 87% versus the same period in 2020. Net income reached \$1.51 million compared to the staggering net loss of \$913.31 a year ago.

Notably, NuVista generated \$228.5 million in cash flow from operating activities — a 123% climb from last year. Given its 2022 budget, management anticipates achieving significant production and cash flow growth while materially reducing net debt.

Cenovus pays a modest dividend (0.94%), although its price appreciation can more than compensate. The current share price is \$1.544. In Q3 2021, the \$31.68 billion company delivered consistent operating performance. It achieved a record quarterly average daily oil sands total production of 804,800 BOE/d.

Management reported cash from operating activities, and free funds flow growth of 192% and 554% versus Q3 2021. In the first nine months of 2021, Cenovus reduced its net debt from \$13.1 billion in January 2021 to \$11 billion. It hopes to bring down the debt level to under \$10 billion very soon.

Cenovus Energy is a member of the Oil Sands Pathways to Net Zero Alliance. Suncor Energy, **Canadian Natural Resources**, **Imperial Oil**, and **MEG Energy** are the other members of the unique alliance. These oil sands producers collectively operate 90% of oil sands production in Canada.

Continuing rebound

On December 22, 2021, oil price settled at US\$72 per barrel — the highest level in nearly four weeks. Industry analysts say the energy sector should have plenty of room to rise further in 2022, because demand will continue to rebound. Thus, massive returns await Suncor, NuVista, and Cenovus investors.

CATEGORY

1. Energy Stocks
2. Investing

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:NVA (NuVista Energy Ltd.)
5. TSX:SU (Suncor Energy Inc.)

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