3 Energy Stocks That Could Get a Massive Boost Soon

Description

Crude oil (WTI) experienced an amazing ride in 2021. The price rose from US$40s at the beginning of the year to US$84.6 during the 2021 peak. That aggressive price growth within a year led to the growth of the energy sector around the globe. The **S&P/TSX Capped Energy Index** rose about 85% — a growth spurt only matched by the growth phase of the sector between 2009 and 2011.

And though it seems like the sector might have reached its peak, the Omicron variant caused the oil prices and consequently the price of many energy companies to dip. And if the dip pushes the sector down further, the recovery might be just as strong, giving certain stocks a massive boost.

A petroleum refining company

As a fully integrated energy company, **Imperial Oil** (TSX:IMO)(NYSE:IMO) is also fully exposed to the risks the energy sector usually faces. It also gets to take advantage of the upside when the demand for oil rises. That's one of the reasons why, despite being a relatively heavyweight stock with a market capitalization of $31.3 billion, the stock has risen over 240% since its market crash valuation.

Another boost might seem improbable, but the demand for oil is still rising, and it's expected to keep rising for a while yet. And if the stock keeps following the WTI price, you might be able to take advantage of the leftover growth it offers. However, if the stock dips significantly and rises again, the growth might be relatively massive.

A natural gas and oil company

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) showed remarkable post-pandemic growth. Following an almost 74% fall during the pandemic, the stock rose about 400%, and it's still going up. While it has been underperforming the market for the last few weeks, there are no clear signs of a major correction yet. The company recently acquired Storms Resources, making its natural gas front relatively stronger.

Your best chances of experiencing another boost with this company would be to buy the dip, which might be just around the corner, considering the sector dynamics and the stock's rapid rise to its current peak. And even though the current 4.4% yield is decent enough, a dip might push the yield higher to a more attractive number.

A pipeline company

Pipeline companies like **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) did not experience the same level of growth that other energy players experienced in the post-pandemic market. The stock is still 27% away from its pre-pandemic peak, and the delayed growth spurt is good for both the capital-appreciation potential of the investors as well as dividends.

The stock may keep going up steadily until it realizes the full growth, which might be a massive boost from its current position. And to take maximum advantage of Pembina's return potential, you should buy as soon as possible to lock in the impressive 6.5% yield the company is offering right now.

Foolish takeaway

The energy sector can go one of two ways right now. It can either stay bullish, albeit at a relatively steady pace, or it might dip and then recover. The latter has a better chance of giving your capital a massive boost. And if you believe that the first scenario will pan out, buy soon to lock in good yields before they go down. You can also look into the sustainability practices of each company to infer how they impact the ESG profile of your portfolio.

CATEGORY

1. Energy Stocks
2. Investing

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSEMKT:IMO (Imperial Oil Limited)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:IMO (Imperial Oil Limited)
6. TSX:PPL (Pembina Pipeline Corporation)

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