



Oil to \$100? 3 Oil Stocks to Buy

Description

COVID cases are rising due to the Omicron variant, while oil demand seems to be getting stronger every day. American investment bank **Goldman Sachs** is bullish, predicting a potential climb near US\$100 per barrel in 2022 and over US\$105 next year when the market rebalances. Other industry analysts have the same sentiment, because demand is approaching pre-pandemic levels.

Some market observers opine that the new COVID variant doesn't impact fuel demand. Excitement among Wall Street traders should heighten if oil prices touch US\$90 per barrel soon. Meanwhile, energy stocks will again be the centre of attraction in a likely [boom](#).

According to **Bank of Montreal**, many Canadian companies in the oil and gas sector are enjoying their strongest financial position in years. However, industry experts believe most will channel their excess cash for [dividend payments](#) and share buybacks.

Income investors who want to feast on dividends have three excellent options in **Keyera** ([TSX:KEY](#)), **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)), and **Freehold Royalties** ([TSX:FRU](#)). The dividend yield ranges from 5.5% to 7.01%, which is high enough to generate [substantial passive income](#).

More tailwinds

Keyera is among the few companies that pays a dividend every month. Thus far in the last nine years, the dividend has increased by 7.2% annually. At \$27.40 per share, the yield is 7.01%, exceedingly higher than the market average. The \$6.27 billion integrated energy infrastructure company boasts extensive interconnected assets and deep expertise in delivering energy solutions.

In Q3 2021, net earnings increased 112.12% to \$70 million versus Q3 2020. The full-year 2021 results aren't out yet, although management expects robust numbers due to higher commodity prices and a more favourable industry outlook. Dean Setoguchi, Keyera's president and CEO, said, "With more tailwinds than we've seen in quite some time, we're feeling encouraged and optimistic about the future."

Unprecedented period

TC Energy takes pride in its diversified portfolio of essential energy infrastructure assets. Its president and CEO François Poirier said the \$61.89 billion company performs very well and reliably meets the growing demand for energy in North America. Poirier added, “We are in the midst of an unprecedented period that is providing a significant number of investment opportunities.”

In 2021, this energy stock rewarded investors with a 20.33% overall return. If you invest today, the share price is \$63.09, while the dividend yield is 5.52%. Because of the \$7 billion worth of new projects in 2021, TC Energy anticipates adding more than \$5 billion to its secured projects portfolio annually in the coming years.

Top-notch royalty stock

Freehold Royalties is an excellent dividend play. This royalty stock was a revelation in 2021, outperforming Keyera and TC Energy with its 134.41% total return. The \$1.73 billion company oil and gas royalty company leases out royalty lands (U.S. and Canada) to industry operators.

Because of the vast improvement in the pricing environment, management has raised its payouts five times since the latter part of 2020. The current share price of \$11.94 is 109.84% higher than a year ago, and Freehold could appreciate 34% to \$16 in one year based on analysts’ forecasts. You can also partake of the 6.03% dividend yield.

Dividend bonanza

Industry experts think energy investors will hit the jackpot in 2022. Many oil companies will spend more on dividends than taking on large expansion projects.

CATEGORY

1. Energy Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:FRU (Freehold Royalties Ltd.)
3. TSX:KEY (Keyera Corp.)
4. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. cliew
2. kduncombe

Category

1. Energy Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/08/24

Date Created

2022/01/25

Author

cliew

default watermark

default watermark