



Energy Stocks: Why Did Bonterra Energy Stock Rise 19% Last Week?

Description

Bonterra Energy ([TSX:BNE](#)) is a Canadian oil and gas producer. The company has operations in Alberta, Saskatchewan, and British Columbia. A little under half of its production is natural gas. Bonterra Energy's shares rose just over 19% last week as the energy markets continued to heat up.

What happened?

It's no secret that oil and gas prices have been skyrocketing. Oil is trading over \$90 and natural gas is trading at \$4.36. Last week alone, oil prices rose 6%. And while natural gas prices fell during the week, it doesn't change the longer-term thesis — natural gas is in demand and Canada is really well positioned to be a key supplier. There's a growing realization that oil and gas companies are generating tonnes of cash flow, as commodity prices are rising fast and furiously.

So, while there's no company-specific news that can explain Bonterra's surge last week, the industry news continues to be bullish. Within this world, Bonterra is rock-bottom cheap with soaring cash flows. It's a bargain that investors may be waking up to.

So what?

Bonterra Energy stock rose over 19% last week, as the [oil and gas industry continues to gain momentum](#). For its part, Bonterra is a real bargain. It's trading at cash flow and earnings multiples of under two times, and these numbers are seeing explosive growth. Consequently, investor demand for energy stocks, including Bonterra Energy, is rising.

This oil and gas stock is one of many that are seeing revaluations as the sector is in full recovery mode. Investors naturally stick to the bigger names at first, but at this point, they're looking for the smaller, [more undervalued ones](#) like Bonterra.

Now what?

Today, energy stocks are in a sweet spot. They're moving from being totally shunned and ignored to must-own stocks again. This is because of their rising fortunes and improving outlook. For example, Bonterra Energy's cash flows are growing over 170% as oil and gas prices soar. As an industry, they're increasing shareholder returns, and their stock prices are soaring.

Investors are noticing this change in fortunes and are increasingly returning to the energy sector. Bonterra is one of the many beneficiaries of this. In my view, the energy sector has a bright future and remains severely undervalued. It's not too late to buy in, as the cycle is just getting started.

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