



2 Energy Stocks That Are Still Cheap in March 2022

Description

Oil prices are soaring! The WTI oil price is US\$97 and change per barrel. The Brent oil price, which tends to trade at a premium, has broken through US\$100 per barrel. Even the WCS oil price is at US\$77 and change per barrel.

Many [energy stocks](#) have soared as a result. Some investors think it's too late to buy energy stocks. That may be the case for large-cap stocks like **Canadian Natural Resources**, **Suncor Energy**, **Enbridge**, and **TC Energy**, which have little upside potential in the near term after investors flocked to them. However, solid mid-cap energy stocks still have room to run.

Here are a couple of mid-cap energy stocks you should consider in March!

Whitecap Resources stock

At writing, **Whitecap Resources** ([TSX:WCP](#)) stock trades at \$9.67 per share and offers a yield of 2.7%. It has a market cap of about \$6.1 billion. Its trailing 12-month revenue was almost \$2.7 billion. As well, it generated solid operating cash flow of \$1.1 billion, while paying out only \$126 million in dividends in the period. Capital expenditure was \$559 million, resulting in substantial free cash flow of over \$564 million, which was more than double the levels in 2019.

Earlier this month on *BNN*, Bill Harris, who's a chartered financial analyst (CFA), provided some insights on Whitecap Resources stock:

"Second-tier. Benefitting from the commodity cycle. Great recovery so far, but these stocks are still relatively inexpensive. He owns [\[ARC Resources\]](#), but WCP could easily have been comparable. Enthusiasm for energy is just starting. Anticipates an easy 50% out of these Canadian mid-cap producers."

Bill Harris, partner and portfolio manager at Avenue Investment Management

According to Yahoo Finance, the analyst consensus 12-month price target is \$12.09, which represents

near-term upside potential of 25%.

Parex Resources stock

Parex Resources ([TSX:PXT](#)) is another cheap energy stock that can trade much higher. At writing, it trades at \$27.95 per share with a dividend yield of 2% and a market cap of approximately 3.3 billion.

The oil-weighted producer's trailing 12-month revenue was US\$909 million. In addition, Parex Resources generated solid operating cash flow of US\$445 million. After subtracting the capital expenditures, it had substantial free cash flow of over US\$274 million.

Brian Madden commented on Parex Resources as his top past pick on *BNN* in January 2022, at which time PXT stock traded at about \$24.30 per share.

"Parex has more in the tank. It's distinct because all assets are in Colombia. Production has grown considerably. Cash flow has grown more than production. Hyper-focused on profitability. Debt free. Hundreds of millions of cash on the balance sheet. Buys back shares. Enacted a dividend. Great management, valuation, and entry point."

Brian Madden, senior vice president and portfolio manager at Goodreid Investment Counsel

Indeed, Parex is debt-free. It last reported having cash and cash equivalents that covered its total debt with leftovers. Its cash minus its current liabilities leaves cash on hand of \$160 million.

At current levels, according to Yahoo Finance, the analyst consensus 12-month price target on PXT stock is \$37.02, which represents near-term upside potential of 32%.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:PXT (PAREX RESOURCES INC)
2. TSX:WCP (Whitecap Resources Inc.)

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