TFSA Investors: These 3 Energy Stocks Are SOARING Right Now!

Description

Looking to capitalize on the current rally in oil prices?

If so, Canadian energy stocks are great choices. The TSX is home to many top quality energy companies, some of which offer high dividend yields and strong historical returns. You can never be sure that past returns will continue into the future, but if today's high oil prices hold up, then Canada's oil and gas companies are likely to deliver strong returns going forward. In this article I will reveal three Canadian energy stocks that are soaring right now, and may continue delivering strong returns well into the future.

Cenovus Energy

Cenovus Energy (TSX:CVE) is a Canadian integrated energy company. It owns a number of oil production and refining operations, and has a chain of gas stations (branded Husky Energy). CVE's basic business model is to extract and refine oil, then make money by selling it. This business makes more money the higher the price of oil goes. We can see that fact playing out in CVE's most recent quarter. In the fourth quarter, Cenovus Energy earned:

- $2.1 billion in cash from operations, up 774%
- $1.9 billion in adjusted funds flow, up 485%
- $1.1 billion in free funds flow, up 1,100%

As you can see, the company's cash flow metrics improved dramatically. On the other hand, net income was negative and debt increased. If you're looking for an energy company whose debt picture is improving rather than getting worse, then read on, because the next stock on this list has that quality in spades.

Suncor Energy

Suncor Energy Inc (TSX:SU)(NYSE:SU) is another integrated energy company. Much like Cenovus

Energy, it makes money by extracting and selling oil. Unlike Cenovus, Suncor's debt situation is improving. As of the most recent quarter, it had reduced net debt by $2 billion over 12 months!

As with most integrated energy companies, Suncor's earnings have been growing because of the high oil prices we've been seeing lately. In the most recent quarter, Suncor cranked out 157% growth in adjusted funds from operations, and saw its net income swing positive (it was negative in the same quarter a year before). It was a solid showing. And, we can expect earnings for the current quarter to be much better. As of this writing, oil prices are approaching $130 per barrel. As long as the conflict in Ukraine continues and OPEC doesn't increase supply, these high prices should be sustained. So, Suncor Energy is likely to perform well, at least in the near term.

Enbridge

Enbridge Inc (TSX:ENB)(NYSE:ENB) is another Canadian energy company. Unlike the other two companies on this list, ENB is not an integrated energy firm. Instead, it is a pipeline, and a natural gas utility. That means that it makes money by transporting crude oil, and by helping people heat their homes. It's a very different business. Pipelines make money from transportation fees instead of oil sales, and utilities supply natural gas instead of oil. It might make sense to have a company like Enbridge in your energy stock portfolio, since its business is different and not 100% correlated with those of integrated energy companies. Certainly, its 6% dividend yield doesn't hurt.

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:CVE (Cenovus Energy Inc.)
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Date
2025/08/24
Date Created
2022/03/08
Author
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