Oil Prices Are Soaring: 2 TSX Oil Stocks to Buy

### Description

Russia launched a full-scale invasion of Ukraine on February 24, 2022, after several weeks of indications about imminent aggression by the world's third-largest oil producer. The invasion resulted in a sudden uptick in oil prices. The aggressive act has left the world stunned. NATO and European nations have imposed heavy sanctions on Russia.



The development to isolate Russia could further impact the global energy industry, threatening natural gas and crude oil supplies worldwide. The price of WTI crude oil stands at US$122.70 per barrel at writing. The conflict does not appear to be ending soon, and oil prices will likely rise further.

An environment like this might make the energy industry appear more attractive for Canadian investors. The TSX boasts several undervalued stocks from the energy sector that could stand to benefit from rising oil prices. Today, I will discuss why oil prices might go higher and two TSX stocks that could thrive in this climate.

## Why energy prices could rise further this year

The U.S. and its major allies are considering placing a complete ban on all oil produced by Russia. The move would drastically impact global energy prices, sending WTI crude soaring to new all-time highs. Such a development might cripple Russia's economy, but the aggressor shows no signs of easing up.

There are reports indicating that Russia only plans to intensify its invasion of Ukraine. Due to the conflict, investors might have to gear up for a long-term impact.

## Energy sector stocks poised to soar in this environment

**Cenovus Energy** (TSX:CVE)(NYSE:CVE) is a $42.44 billion market capitalization integrated oil and natural gas company. Headquartered in Calgary, the company is one of the top energy producers inthe country, and it has benefitted from the uptick in global oil prices. Cenovus Energy stock trades for $20.95 per share at writing, and it boasts a 0.67% dividend yield.

Cenovus Energy released its fourth-quarter earnings report for fiscal 2021 on February 8, 2021, was a strong year for the company. Its cash from operations rose to $5.91 billion — a massive surge from $273 million in the previous year. Its adjusted funds flow soared to $7.24 billion from $117 million in fiscal 2020.

**Imperial Oil** (TSX:IMO)(NYSE:IMO) is a $39.58 billion market capitalization integrated oil company headquartered in Calgary. It is Canada's second-largest integrated oil company released its fourth-quarter earnings report for fiscal 2021 on February 1. It achieved the highest upstream production in the last 25 years, and its net income rose to $2.47 billion — a massive improvement from a net loss of $1.85 billion in fiscal 2020.

Imperial Oil stock trades for $39.58 per share at writing, and it boasts a 2.31% dividend yield. Its share prices are up by 25.10% year to date and by over 92% in the last 12 months. Imperial Oil stock could deliver even greater shareholder returns in the coming months as oil prices soar.



## Foolish takeaway

Oil stocks could be very volatile in the coming weeks. Any escalations in the conflict could send oil prices soaring to new all-time highs. If you are a risk-averse investor with a long-term view, oil stocks might not be the best option for you to consider.

However, oil producers like Imperial Oil stock and Cenovus Energy stock are likely to provide stellar gains in the short term amid the situation right now.

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