



## 3 Top Oil Stocks in Canada for This Week

### Description

Investors in the energy sector witnessed incredible comebacks last year of oil stocks that were battered in 2020. In 2022, they continue to outperform, because oil prices keep jumping to record highs. Oil price shocks could persist due to [roaring demand](#) and supply constraints.

If you want to take positions in oil stocks this week, **Baytex Energy** ([TSX:BTE](#))(NYSE:BTE), **Nuvista Energy** ([TSX:NVA](#)), and **Vermilion Energy** ([TSX:VET](#))(NYSE:VET) are the top picks. There should be enough [momentum](#) to propel their prices higher than the current levels.

### Strong operational execution

Baytex shares are up nearly 55% year to date. At \$6.06 per share, the trailing one-year price return is 306.71%. The \$3.42 billion crude oil and natural gas producer operates in the Western Canadian Sedimentary Basin and Eagle Ford in the United States.

In 2021, production exceeded the high end of management's annual guidance. Because of the \$421.32 million record free cash flow for the year, the company was able to reduce net debt by 24% from year-end 2020 level. The year-over-year growth in free cash flow was 2,231.3%.

As of December 31, 2021, the amount is down to \$1.4 billion. Baytex's total sales (petroleum and natural gas) jumped 91.5%. Net income reached \$1.61 billion compared to the \$2.43 billion in 2020. According to its president and CEO Ed LaFehr, Baytex plans to allocate around 25% of annual free cash flow to direct shareholder returns and share buybacks.

### Strength and momentum

Many investors earned huge profits from Nuvista Energy in 2021. The stock closed the year at \$6.96 per share from \$0.94 on December 31, 2020, an overall return of 640.4%. As of March 11, 2022, the share price is \$10.12 (+45.4% year to date).

In Q4 2021, the \$2.29 billion independent oil and natural gas company reported impressive [financial and operational results](#) plus record-setting reserves. For the full year, revenue and adjusted funds flow grew 108% and 105%, respectively, year over year. Net earnings were \$264.67 million compared to the \$197.88 million net loss in 2020.

According to management, it has the strength and momentum in 2022 due to the significantly improved commodity price environment. The table is set for returns-focused profitable growth. Nuvista is prepared to adjust to the environment to maximize the value of its asset base. It would ensure the long-term sustainability of the business.

## Transformational year

Vermilion outperforms Baytex and Nuvista with its 79.94% year-to-date gain. The high-flying energy stock trades at \$28.61 per share. Its total return last year was 179.9%. Also, the announcement regarding the reinstatement of quarterly dividends (0.20%) in Q1 2022 is welcome to investors.

Management admitted that higher commodity prices is a strategic advantage. They added that the business model emphasizes free cash flow generation and return of capital to investors when economically warranted. The \$4.64 billion international energy producer creates value through its diversified portfolio.

After its transformational year and a strong start in 2022, Vermilion should have higher free cash flow this year. The company expect to increase the return of capital to our shareholders over time once it achieves its debt targets.

## Upside potential

The embargo on Russian oil by the West and reluctance of OPEC+ to boost production could worsen the current situation. Baytex, Nuvista, and Vermilion are likely to benefit tremendously.

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:VET (Vermilion Energy)
2. TSX:BTE (Baytex Energy Corp.)
3. TSX:NVA (NuVista Energy Ltd.)
4. TSX:VET (Vermilion Energy Inc.)

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1. cliew
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cliew

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