



Why Energy Stocks Fell on Monday and Could Fall Further

Description

Energy stocks around the world, Canada included, [fell](#) — in some cases above 10% — on Monday. This comes as the Russia-Ukraine crisis continues, Iran nuclear talks get in the way, and another COVID-19 lockdown comes up in China.

What happened?

Energy stocks continued to slump Monday, bleeding into Tuesday as the price of oil dropped below US\$100 per barrel. After reaching super heights, the price for oil has fallen by more than 20% in the last week. The drop came from not just a volatile market but from international relations.

Russia came to the table, agreeing to discuss the Iran nuclear deal that could see Iran continue [shipping](#) out uranium to the country. Furthermore, China, the world's biggest importer of crude oil, has seen a resurgence of COVID-19 cases, creating a lockdown. All of this has hurt energy stocks.

So what?

The pandemic was perhaps not completely under control, but we were at least moving on, but another resurgence has jammed everything up. In China, this new resurgence could seriously hurt the country's economic outlook. Therefore, oil and energy stocks will also see a downward spiral as well.

But it's not just China, and it's not just COVID-19 investors need to worry about. The Ukraine crisis has also led to a disruption in oil coming out of Russia. Then there's inflation to consider, with the cost to trade far higher for the same amount of oil.

Now what?

This combination of inflation, the pandemic, and war in Europe has created a poor situation for energy stocks. Some have even suggested in the United Kingdom that countries may need to start rationing

natural gas, diesel and other energy products should the war in Ukraine continue. And while this could mean a rising price at your local gas station, it doesn't necessarily mean energy stocks will feel it too, as inflation continues to rise.

The price of crude oil was down 7.5% on Tuesday as of writing, with energy stocks like **Suncor Energy**, **Cenovus**, and **Imperial Oil** all down by about 4%.

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Author

alegatewolf

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