



3 Energy Stocks to Buy if You Think Oil Will Climb

Description

Consumers had a sigh of relief when oil prices fell below US\$100 per barrel on mid-week. However, industry analysts say the sudden sharp drop isn't good news at all. Expect an unusually [high level of uncertainty](#) ahead because key fundamentals haven't changed.

Commodity analysts at Standard Chartered said the correction was more about market positioning and the effect of extreme volatility. Many oil traders believe prices could only move higher. According to the analysts, the upside price pressure would ease if there's an extra supply in Q2 2022 and the remainder of the year.

For investors anticipating further climb, **Tourmaline** ([TSX:TOU](#)), **Crescent Point Energy** ([TSX:CPG](#))([NYSE:CPG](#)), and **Enerplus** ([TSX:ERF](#))([NYSE:ERF](#)) are [buy candidates](#). These energy stocks will benefit from surging oil prices.

Payout hike and special dividends

Tourmaline already reached \$52.10 to start March 2022 before sliding to its current share price of \$49.13. Analysts covering this stock has a 12-month average price target of \$68.08 — an upside potential of 38.06%. The \$16.94 billion oil and natural gas producer increased its dividend by 11% in January and paid a special dividend.

Analysts at **RBC** Capital Markets predict two more [hikes](#) in Tourmaline's base dividends this year plus three additional special dividends (\$1 per share each time). Anthony Petrucci, an analyst for Canaccord Genuity expects companies like Tourmaline and Crescent Point to generate free cash flows over 20%, or 20% of their market values.

At the current share price, the trailing one-year price return is 107.47%, while the year-to-date gain is 24.2%. If you invest today, Tourmaline pays a 1.57% dividend.

Upgrade to buy rating

Analysts upgraded their ratings for Crescent Point to buy. The \$5.27 billion company produces light and medium crude oil, natural gas liquids, and natural gas reserves. Its crude oil and natural gas properties, and related assets are in Western Canada and two states in America.

The energy stock trades at \$8.51 per share (+26.69% year to end) with a possible 38.7% appreciation in 12 months, based on analysts' forecasts. Crescent pays a modest 1.96% dividend. Because of higher oil and gas prices, profit in Q4 2021 reached \$121.6 million compared to the \$51.2 million net loss in Q4 2020.

Total sales and average production output for the quarter increased 101.1% and 17.3%, respectively. Also, Crescent's average selling price rose to \$75.05 per barrel (+71.5%) from \$43.76. According to management, the recently acquired Kaybob Duvernay assets from Shell Canada contributed to the impressive quarterly results. Crescent pays a modest 1.96% dividend.

Substantial reserves growth

Enerplus has been a steady performer since 2021. At \$15.51 per share, current investors enjoy a 16.56% year-to-date gain in addition to a 1% dividend. The one thing going for this \$4 billion oil and gas exploration and production company is the reserves growth.

Its president and CEO Ian C. Dundas said, "Our strategic acquisitions, combined with the efficient execution of our development program drove substantial reserves growth in 2021 at attractive costs." In 2021, cash flow from operating activities increased 80.1% to US\$604.83 million versus 2020. Also, adjusted net income grew 2,073.7% year over year to US\$315.66 million.

Tight market

Until there's replacement for Russian oil, the market tightness can still drive prices higher. However, prices might stabilize if OPEC members increase their output above their target production level.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ERF (Enerplus Corporation)
2. NYSE:VRN (Veren)
3. TSX:ERF (Enerplus)
4. TSX:TOU (Tourmaline Oil Corp.)
5. TSX:VRN (Veren Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. cliew
2. kduncombe

Category

1. Energy Stocks
2. Investing

Date

2025/08/14

Date Created

2022/03/18

Author

cliew

default watermark

default watermark