



Why Canadian Natural Stock Popped 47% in Q1 — Its Biggest Gains in 20 Years

Description

What happened?

The shares of energy giant **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) jumped by about 47% in the first quarter to \$77.41 per share, posting its biggest quarterly gains in 20 years. With this, CNQ stock ended its sixth consecutive quarter in green territory. Meanwhile, the **TSX Composite Index** rose by around 3% in the first quarter.

So what?

Canadian Natural is one of the largest natural gas producers in Canada. As CNQ stock witnessed a massive rally last quarter, its market cap has now jumped to around \$90.5 billion from \$62.4 billion at the end of 2021.

To understand why Canadian Natural stock posted massive gains in Q1, we must look at its recent financial growth trends. The COVID-19 pandemic badly affected its business in 2020, as it not only led to a sharp decline in the demand for energy products but also in oil prices. During that year, the Canadian energy firm's total revenue fell by 26% to \$16.9 billion. As a result of a sudden rise in its costs and a weak commodity price environment, Canadian Natural burnt \$756 million of cash in 2020.

Nonetheless, its much faster than initially expected financial recovery in 2021 drove CNQ stock up by 75% last year. This rally extended in Q1 2022 amid investors' high expectations from its Q4 results, which were [released](#) on March 3. And Canadian Natural didn't disappoint investors. In Q4, the company reported adjusted net earnings of \$2.21 per share compared to just \$0.15 per share a year ago. Its revenue for the quarter also rose by 84% YoY to nearly \$9.2 billion. These factors, along with the ongoing rally in oil prices, helped CNQ stock post its best quarterly gains in the last 20 years in Q1 2022.

Now what?

While Canadian Natural stock's first-quarter gains look very impressive, it might just be the start of a big rally in the stock. The Russian invasion of Ukraine recently [pushed crude oil prices](#) to their highest level in over a decade. Despite easing a bit lately, WTI crude oil prices are continuing to hover above the \$100-per-barrel level. It could help Canadian Natural Resources expand its profitability further this year. This could be one of the reasons why Bay Street analysts expect the company to register solid 57% year-over-year growth in its earnings in 2022. That's why it might still not be too late for long-term investors to buy CNQ stock right now. It currently has a dividend yield of around 3.5%.

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