Canadian Natural Resources (TSX:CNQ) Hits a $100 Billion Market Cap: Should You Buy the Stock?

Description

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is a Calgary-based company that is engaged in the acquisition, exploration, development, production, marketing, and sale of crude oil, natural gas, and natural gas liquids (NGLs). The Canadian energy sector has been on fire in 2022 on the back of surging oil and gas prices. Shares of this energy stock have shot up 51% in 2022 as of close on April 21.

Today, I want to discuss the big milestone that the stock hit over the past week. Should investors look to add Canadian Natural Resources to their portfolio right now? Let's jump in.

Here's how Canadian Natural Resources crossed the $100 billion mark

The company hit a $100 billion market capitalization earlier this week. That meant that Canadian Natural Resources was the first TSX-listed oil and gas producer to hit this milestone. Back in November 2021, I'd suggested that this energy stock was one of the top options for investors. Its stock has jumped 57% over the past six months.

This energy giant released its fourth-quarter and full-year 2021 results on March 3, 2022. Canadian Natural Resources President Tim McKay said that he expects oil prices to normalize after extreme conditions vaulted the market to new heights in 2022. This powered the company to deliver total earnings of $2.53 billion in Q4 2021 compared to $749 million in the previous year. It also generated $3 billion in free cash flow on the back of the oil bull market.

For the full-year Canadian Natural Resources reported total revenues of $30.1 billion and earnings of $7.66 billion. That was up from a loss of $435 million in 2020.

What to do if you own shares

Canadian investors who bet on this energy stock in 2020 and 2021 have been nicely rewarded. Shares of Canadian Natural Resources have soared 126% in the year-over-year period.

There are still good reasons to hold onto shares of this top energy stock at the time of this writing. Geopolitical and inflationary pressures are bullish for the state of the oil and gas space. This company soared back to profitability on the back of this friendly climate. Moreover, a European Union ban on Russian oil could spur oil prices to hit new highs.

However, oil and gas prices could be due for a breather. Central banks are pursuing rate tightening to combat surging inflation. Analysts and experts are warning of a potential recession in the first half of this decade. That could lead to a sharp correction for oil and gas prices. Investors need to stay on their toes and prepare for both possibilities going forward.

Should you buy shares of Canadian Natural Resources now?

Shares of Canadian Natural Resources last had a favourable price-to-earnings ratio of 12. It has delivered a series of aggressive dividend hikes. The stock currently offers a quarterly distribution of $0.75 per share, which represents a 3.6% yield. This energy stock possesses nice value and a solid dividend. Of course, broader market conditions could torpedo its momentum in the future.

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Date
2025/08/15
Date Created
2022/04/22
Author
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