



Cenovus (TSX:CVE) Stock: 1 TSX Energy Stock to Buy as Oil Stays High

Description

TSX energy stocks have been on a heck of a run in recent months, with oil prices (WTI) booming past the US\$100 level amid the Ukraine-Russia crisis. Though oil reserves have [cooled](#) the massive surge in the price of oil, I still think that investors had better get used to the “higher-for-longer” days of energy prices. Indeed, many of us thought the day would never come again with the rise of renewable energy and electric vehicles (EVs).

With carbon taxes further disincentivizing the use of filthy fossil fuels, it seemed as though oil was in its death knell phase just two years ago!

Oil went negative for a brief moment in time, and now it's incredibly robust. The longer the crisis goes on in Ukraine, the greater the chance, I believe, that US\$100 WTI is here to stay. In any case, I think the recent pullback in TSX energy stocks serves as a great entry point for the many Canadian investors who may have missed the early innings of the rally.

TSX energy stocks to buy on oil's strength

Now, I've been a huge contrarian bull on the oil producers ever since they collapsed in the early to mid-part of 2020. Being a contrarian isn't easy, but back when all hope was lost, I'd noted the possibility of an oil surge past US\$100 once demand had a chance to overwhelm supply in the recovery from the COVID crisis. Indeed, nobody saw Russia's invasion of the Ukraine, which boosted commodity prices, worsening the already high level of [inflation](#) across the globe.

With no clarity on when the crisis will end, I'd argue that it's only prudent to have some energy exposure for diversification purposes. While it's hard to predict oil's move in the near to medium term, the risk/reward does look pretty good across many of the energy stocks that are finally feeling the wind to their back for a change.

Inflation is a nasty beast, and a cheap hedge in a TSX energy stock may be a great addition to any TFSA or RRSP portfolio aimed at long-term appreciation. In this piece, we'll have a look at **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)).

Cenovus Energy

Cenovus Energy was in a multi-year bear market before the tides finally turned in its favour. The company, which has been innovating with various steam-assisted extraction techniques, is now leading the charge higher. It's hard to believe that the stock is up over 850% from its 2020 bottom. It was a scary time to be a contrarian, but if you bought on that nasty slide to \$2 and change per share, I think it's safe to say you're pretty happy with the results thus far.

I've been bullish on CVE stock for many years but urged investors to maintain patience. Now that the stock has doubled up many times over in the past few years, I'm not yet ready to turn against the name. The company stands to benefit far more than some of its more mature peers from a "higher-for-longer" type of oil environment. For that reason, I would not hesitate to hold or even buy more CVE at north of \$22 per share.

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