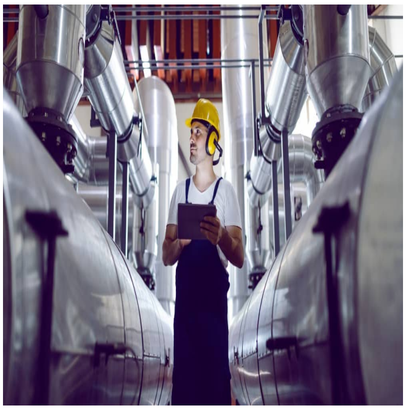

2 Cheap Energy Stocks to Buy Before April Ends

Description

After reaching their highest level in over a decade last month, oil prices are continuing to witness a sharp correction in April. Since March 8, WTI crude oil prices have seen more than a 20% correction. Investors' high hopes from the ongoing Russia-Ukraine negotiations and fears that the new COVID-related restrictions in China could hurt the demand seem to be driving prices of energy products lower.

Nonetheless, oil prices are still trading with nearly 30% year-to-date gains, which should help most energy companies boost their profitability in the near term. Also, despite the recent dip, I expect the prices for energy products to remain strong throughout the year as the overall post-pandemic economic recovery continues. Given that, you may want to add some fundamentally strong — yet cheap — Canadian energy stocks to your portfolio right now. In this article, I'll highlight two such cheap energy stocks on the TSX that could yield solid returns in the long term.

Crescent Point Energy stock

Crescent Point Energy (TSX:CPG)(NYSE:CPG) is a Calgary-based oil and gas production company with its main assets located in Western Canada and the United States. While its stock has seen more than a 15% correction in the last three sessions, it's still continuing to outperform the broader market by a wide margin with its solid 23% year-to-date gains against no major change in the **TSX Composite** benchmark.

As the demand for energy products recovered sharply in 2021, Crescent Point's total revenue jumped by 22% for the year to around $2.44 billion. Similarly, the company's adjusted earnings stood at $4.11 per share in 2021 after registering $4.76 per share in an adjusted net loss in the previous year due to COVID-related challenges. Apart from its focus on enhancing its asset portfolio, the year-to-date strength in oil prices is likely to further boost Crescent Point Energy's profitability in 2022 and help this energy stock keep soaring. That's why I find CPG stock cheap — especially after its recent sharp drop.

Baytex Energy stock

Baytex Energy (TSX:BTE)(NYSE:BTE) could be another cheap energy stock to own in Canada right now. The recent oil prices correction has led to a more than 10% drop in BTE stock in the last three sessions. While the shares of this Canadian oil producer are still up 58% year to date, it looks cheap based on its consistent financial growth expectations and strong prices environment for energy products.

Last year, Baytex Energy managed to exceed the high end of its production guidance, helping the company post solid 57% year-over-year growth in its total revenue. In the last few quarters, the energy firm has also increased its focus on reducing debt. In 2021, it allocated all of its record-free cash flow of $421 million to debt repayment, which helped reduce its net debt by 24%. Its improving financial condition could be another major factor that has helped Baytex Energy regain investors' confidence in 2022, driving a sharp rally in its stock.

Overall, Baytex Energy's diversified oil portfolio with strong capital efficiencies, its plans to improve its balance sheet by prioritizing debt reduction, and its consistent production growth outlook make this Canadian energy stock worth considering on the dip.

CATEGORY

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