



## Canadian Natural (TSX:CNQ) Stock: Time to Buy 1 of the TSX's Hottest Stocks?

### Description

TSX energy stocks have had quite a run. That alone is enough for some of the most value-focused investors out there to shun the energy plays altogether. By doing so, though, one could run the risk of closing the door on a sector that's poised to add to their gains over the next 18 months. Yes, they've done well, and, sure, you could have done far better by buying many quarters ago. But does that mean that a pullback is inevitable and only losses are to be had from these levels? Probably not.

Now, chasing momentum stocks gets a bad rap, especially after the tech blow-up we've been witnessing over the last few months. Beginners who chased got hurt. And that shows just how unkind Mr. Market can be to investors who neglect the valuation process, with more emphasis placed on stock price momentum.

### TSX energy stocks: Their rally is supported by real fundamentals

Those story stocks that fell back to Earth over rate hikes probably never should have climbed. Sexy growth stories are not fundamentals. And a lot more than promises are needed to support not only a stock's rally but its ability to trade at elevated levels. In this piece, we'll have a closer look at two TSX energy stocks that I think could continue moving higher.

Though buying high and selling higher is not a [popular](#) strategy these days following the tech wreck, I think that energy stocks are an entirely different beast. Indeed, the Oracle of Omaha, Warren Buffett, has been a buyer of energy stocks in recent quarters. You could argue he's getting in too late. But recent gains have suggested otherwise. Many energy stocks are poised to continue flying higher, with Russian oil likely to be passed on for quite some time, perhaps even after the conflict over in Ukraine were to conclude peacefully.

If anything, TSX energy stocks should be viewed as a hedge. Momentum is secondary to the value to be had and the improving fundamentals, which, I believe, support a continued rally from these levels.

**Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) is just one of the many standout plays in Alberta's oil patch.

## Canadian Natural Resources

Canadian Natural Resources stock has come such a long way since the dark days of 2020. The stock is the new momentum stock of 2022, and it's likely not over yet. After having more than doubled in the past year, the stock remains as cheap as ever with a 12.4 times trailing earnings multiple. Indeed, that's a ridiculously low multiple for a stock that doubled in less than a year.

It's not just industry conditions that took a 180-degree turn. The company has improved its operations accordingly, and investors have been rewarded. The \$73.6 billion energy behemoth isn't going anywhere, and as oil prices remain above US\$100, there are a growing number of reasons to punch your ticket to the fossil fuel firm if you're yet to gain any energy exposure whatsoever.

Recently, shares of CNQ slipped into a correction. I'd say that's [a great entry point](#) at around \$60-62 per share before the stock has a chance to rally even higher on the back of what seems to be a Goldilocks-environment type of scenario.

The 3.8% dividend yield is bountiful and is subject to growth, as strength in oil persists.

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