



3 Cheap Energy Stocks to Buy Right Now

Description

On the back of Russia's invasion of Ukraine, the United States, Canada, the United Kingdom, and Australia have banned Russian oil. Meanwhile, the European Union plans to lower its dependence on Russian oil. Further, OPEC+ countries are struggling to increase their production, thus driving oil prices higher than US\$100/barrel.

So, rising energy demand and higher oil prices could benefit energy companies. Given the favourable environment, here are three cheap energy stocks that you can buy right now to earn substantial returns.

Canadian Natural Resources

Amid the favourable environment, **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) has returned close to 55% this year, comfortably outperforming the broader equity markets. Despite the recent surge in its stock price, the company trades at an attractive NTM price-to-earnings multiple of 7.8.

Analysts are bullish on oil and expect oil prices to remain over US\$100/barrel for most of this year. Meanwhile, Canadian Natural Resources's management has [projected](#) to invest around \$3.6 billion this year, increasing its production to approximately \$1.27-\$1.32 million barrels of oil equivalent per day compared to 1.23 million barrels of oil equivalent per day in 2021. So, the increased oil prices and higher production could boost the company's financials and stock price.

Notably, the company has raised its dividend uninterrupted for 22 years at a CAGR of 22%. Currently, its forward yield stands at a healthy 3.66%. So, considering all these factors, I expect the uptrend in Canadian Natural Resources's stock price to continue.

Suncor Energy

Supported by its low-decline, long-life assets, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) expects to service its operating and sustainable capital expenditures and pay dividends if WTI (West Texas Intermediate)

crude trades around US\$35/barrel. So, with oil prices projected to trade around US\$100/barrel for the substantial part of this year, I expect Suncor Energy's margins could expand.

The company expects its upstream production to increase by 5% due to the ramp-up of its Fort Hills facility. The facility could operate at 90% of its capacity this year. Further, the decline in debt levels and share repurchases could boost the company's financials in the coming quarters. Meanwhile, it also pays a quarterly dividend, with its forward yield at 3.5%.

Despite returning over 50% this year, Suncor Energy still trades at an attractive NTM price-to-earnings multiple of 7. So, I believe [Suncor Energy is an excellent buy at these levels](#).

TC Energy

My final pick is **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)), which reported a solid first-quarter performance last week. The strong performance from its regulated assets and projects put into service in the previous 12 months boosted the company's financials. The company's adjusted EPS came in at \$1.12, outperforming analysts' expectations of \$1.11.

The rising energy demand has increased its throughput and asset utilization rate. Meanwhile, the company is advancing with its \$25 billion secured capital program, with sanctions for \$5 billion of projects annually. These investments and rising energy demand could boost its financials in the coming quarters. The company also pays a quarterly dividend of \$0.90/share, with its forward yield standing at 5.19%.

So far this year, TC Energy has returned 19.4%. However, its valuation still looks attractive, with its NTM price-to-earnings multiple standing at 16.3. So, given its healthy growth prospects, high dividend yield, and attractive valuation, I am bullish on TC Energy.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:SU (Suncor Energy Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:SU (Suncor Energy Inc.)
6. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. rnanjapla

Category

1. Energy Stocks
2. Investing

Date

2025/08/23

Date Created

2022/05/04

Author

rnanjapla

default watermark

default watermark