



Gas Prices at Record Highs: Time to Buy Oil Stocks?

Description

Gasoline prices are approaching record highs across Canada.

On Friday, prices topped \$2 per litre, hitting Canadians in the pocketbooks. According to the *CBC*, this [price is a record high](#).

You don't need to be a long-haul driver to be disturbed by higher oil prices. Oil prices impact all prices, because most physical goods are shipped on vehicles fueled by gasoline, diesel or jet fuel. If you're noticing higher prices at the grocery store, you can be sure that gas has something to do with it, and if you're a driver, you probably know all of this already.

So, Canadians are feeling the squeeze from gas prices. It's not fun, but it was bound to happen. The world has been experiencing supply chain issues for several years now, and the war in Ukraine has held back the supply of crude. It's quite possible that there's more pain to come.

As a citizen, you might bemoan all of this. But as an investor, you have ways to profit from it. By investing in oil and gas stocks, you can share in the record profits oil companies are bringing in. You could make enough money to offset the prices you're paying for gasoline. In this article, I will explore whether oil and gas stocks are still good buys in 2022, after more than a year of solid gains.

Oil prices don't need to go higher for oil to be a good investment

One thing you need to keep in mind about oil and gas stocks is that oil prices don't need to go up more for them to be good investment. If you look at an integrated energy company like **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), it can boost its profit through a variety of means, including

- Boosting output;
- Lowering costs; and
- Making new oil discoveries.

Exploration and production companies got their name for a reason. They're always exploring for new oil fields, and with lucrative new projects can come higher revenue, even with oil prices unchanged.

Suncor still not at 2018 prices

The case that oil stocks are [currently undervalued](#) is strengthened by looking at Suncor's price today compared to in 2018. In 2018, Suncor went as high as \$60, thanks to the moderately strong oil prices we saw at the time. Oil prices are much higher now than they were then. As of this writing, WTI was sitting at a princely \$110. In 2018, the highest price was a mere \$77! So, there is plenty of room for Suncor to juice its earnings beyond 2018 levels, and with that, it could see its stock price rise dramatically.

Foolish takeaway

2022 has been a great year for oil and gas stocks. With gasoline prices surging, their profits have swelled. Unfortunately, this has been bad for Canadian consumers, whose transportation costs have risen along with oil. If you're one of them, you might bemoan the inflation eating away at your real earnings. But with well selected investments in energy stocks or ETFs, you may beat the blues at the pumps.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

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. andrewbutton
2. kduncombe

Category

1. Energy Stocks
2. Investing

Date

2025/06/30

Date Created

2022/05/10

Author

andrewbutton

default watermark

default watermark