



Canadian Natural Resources (TSX:CNQ): Is it Time to Buy the Energy Stock Amid the Canadian Oil Boom?

Description

We are nearing the halfway mark in 2022, and the **S&P/TSX Composite Index** is down by 3.17% year to date. It would not be entirely surprising to see this year end in the red — a first after many years of trading for the **TSX**. The volatility in Canadian equity markets has shaken up many investors, but not all hope is lost.

Despite the steep losses across most sectors of the economy, Canadian [energy stocks](#) have been putting up a stellar performance this year. The global oil and gas industry has seen massive disruptions and uncertainty due to the Russia-Ukraine war. Many countries worldwide have imposed embargoes on Russia due to its invasion of Ukraine, leading to surging oil prices.

Many of the largest energy producers cannot increase their production levels due to environmental concerns. Higher energy demand as the world moves into a post-pandemic era has combined with rising geopolitical tensions to create unlikely tailwinds for the Canadian energy industry.

The **S&P/TSX Capped Energy Index** is up by a massive 66.27% year to date, showing that the Canadian energy industry has outperformed the broader market by a significant margin. **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) is one of the top energy stocks out there right now.

Today, we will take a look at what the situation is like after a stellar run by energy stocks this year to help you determine whether Canadian Natural Resources stock could still be a good buy.

Energy stocks might continue to make investors wealthier

2020 was a horrible time to be a Canadian investor who owns shares of energy stocks. The diminished demand for travel amid travel restrictions and strict lockdowns resulted in substantial unused inventory.

Contrarian investors with the foresight to hold onto shares of energy stocks or increase their positions in the top energy stocks have become far wealthier due to the oil demand boom.

Commodities like oil are a vital hedge during inflationary environments. Green energy and renewable energy sources will still gradually replace traditional energy demand in the future. However, it could be a long time until we can entirely phase out fossil fuels.

Is it too late to invest in oil stocks at current levels?

Just two years ago, investors would not want to be near energy stocks. However, it is an entirely different picture for energy stocks right now. Many Canadian investors who have yet to invest in oil stocks might think they have missed the opportunity to get in at ideal levels.

However, it could still have a long way to go. The energy sector could provide you with some of the few opportunities to end the year in the green. Canadian Natural Resources stock is one of the most prominent players in the Canadian energy sector. The \$98.84 billion market capitalization oil and natural gas company is headquartered in Calgary, and its share prices have shot up considerably in recent weeks.

CNQ stock trades for \$84.67 per share at writing, boasting a 3.54% dividend yield. Its share price is up by 54.79% year to date. The cash flows on the cards for the energy stock could see its valuation climb further in the coming months.

Foolish takeaway

The positive momentum in the energy industry has the potential to be short-lived. If macroeconomic factors contributing to higher oil prices settle down, energy prices can decline drastically in weeks. It could put a quick end to the bullish run by Canadian energy stocks.

However, major energy giants like Canadian Natural Resources stock could continue providing you with reliable shareholder dividends. It might be worth investing in at its current levels.

CATEGORY

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