



## 3 Oversold TSX Stocks I'd Buy in Bulk

### Description

The **TSX** closed the second the quarter on a negative note with 64% of its constituents retreating and only one stock posting a new 52-week high. Because of fears that stagflation is around the corner, the Index gave up 217.28 points (1.14%) on June 30, 2022, to raise its year-to-date loss to 11.13%.

Energy stocks remain [market leaders](#), although the sector's gain thus far has been reduced to below 40%. Also, the rest of the 10 primary sectors are in the red to start Q3 2022. The top three worst performers are healthcare (-48.96%), technology (-39.81%), and real estate (22.93%).

The drop in oil production and potential weaker demand for oil saw a selloff in energy stocks. However, the situation opens buying opportunities. Veteran investors will take advantage and buy **Whitecap Resources** ([TSX:WCP](#)), **Tamarack Valley Energy** ([TSX:TVE](#)), and **Suncor Energy** ([TSX:SU](#)) ([NYSE:SU](#)) on the dip.

Some industry analysts maintain a rosy picture for the energy sector and not a gloomy demand destruction. I'd consider buying the three oversold stocks in bulk, as they're likely to soar higher in the second half of 2022.

### New growth driver

Whitecap Resources fell nearly 2% yesterday to \$8.94 per share, although the stock is still up 21.34% year to date. The \$5.53 billion oil & gas company expects improved free funds flow going forward when it completes the purchase of XTO Energy Canada before the end of this quarter.

Management also announced a 22% increase in its monthly dividend. The current dividend yield is 4.82%. Whitecap expects the acquired assets from **ExxonMobil** to generate significant free cash flows in the next two years. The strategic acquisition also allows the company to enter the prolific liquids-rich Duvernay play.

## Low-risk inventory

Tamarack is an interesting buy, despite the 3.78% decline on Thursday. At \$4.33 per share, the trailing one-year price return is 70.94%, while the year-to-date gain is 13.66%. The \$1.91 billion oil & gas company drills for and acquires long-life resource plays in the Western Canadian Sedimentary Basin.

Since the said resource plays are repeatable and predictable, management has maintained its focus on a rate-of-return growth strategy. The company's extensive low-risk inventory and oil development drilling locations are its competitiveness advantages. Like Whitecap Resources, Tamarack pays a monthly dividend. If you invest today, the dividend yield is 2.45%.

## Shifting to high gear

Suncor Energy has regained investors' trust following its 55% dividend cut in Q1 2020. The oil bellwether continues to show resiliency and strength after two quarters this year. At \$45.16 per share, it outperforms the broader market with its 45.54% gain, notwithstanding the almost 10% drop from mid-June 2022.

According to its president and CEO, Mark Little, the \$64.38 billion integrated energy company has a clearly defined capital-allocation framework. The said framework should result to higher production and substantial free funds flow in 2022. He added that all of the assets are shifting to high gear under current market conditions.

Little further said the integrated business model is a downside protection for shareholders. Thus, Suncor's dividend yield of 4.13% should be safe and sustainable for the rest of 2022 and beyond.

## Solid prospects

Rising interest rates could reduce oil demand, but Whitecap, Tamarack, and Suncor remain solid investment prospects in the short- to the long-term horizon.

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)
3. TSX:TVE (Tamarack Valley Energy Ltd)
4. TSX:WCP (Whitecap Resources Inc.)

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#### **Date**

2025/08/18

#### **Date Created**

2022/07/02

#### **Author**

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