

# 3 Companies Poised to Dominate the Oil & Gas Market in 2024

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Crude Oil prices soared to nearly \$119 a barrel in the first half of 2022, fueled by a perfect storm of OPEC cuts, China's roaring comeback and geopolitical jitters. However, the situation didn't last. Recession fears cast a long shadow, dampening global demand, and even China's growth sputtered. Crude oil price came crashing down to \$71 by 2023-end, down 40% from the 2022 level. With the arrival of 2024, oil and gas investors are asking the million-dollar question — Who are the winners with the staying power?

We've identified three promising companies that are poised to keep their momentum rolling.

Despite concerns, here's why we think that the energy sector will keep its winning streak alive and deliver returns for investors, a story you can't afford to miss.

## Macroeconomic Context Supports Continued Growth

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Several favorable conditions indicate that oil and gas demand will remain strong in 2024. The International Monetary Fund projects global economic growth of 4.1%, implying further energy consumption, particularly in emerging markets like China and India.

Additionally, the transition to cleaner energy sources is a protracted journey requiring significant investments, ensuring oil and gas remain critical to meeting global energy needs for the foreseeable future. Furthermore, the industry has demonstrably improved its financial discipline and operational efficiency in recent years, translating to robust cash flows and shareholder returns.

## Geopolitical Risks

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Heightened geopolitical risks in 2023, particularly in the Middle East (the conflict between Israel and Hamas) and Eastern Europe (the war between Russia and Ukraine), and the attacks on vessels in the Red Sea by Iran-backed Houthis, added a risk premium to oil prices and increased the volatility of the market. While some tension may ease in 2024, its complete disappearance is unlikely. These risks could maintain an oil price premium and benefit diversified, low-cost oil and gas producers, while simultaneously posing potential supply-chain disruptions, increased security costs and regulatory uncertainties.

## 3 Companies That Bucked the Trend

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Even amid a volatile, declining market, some companies have stood firm, indicating investors' confidence in them. If bought now, these stocks are likely to outperform others and create long-term wealth. However, selecting stocks to buy could be a tricky proposition, especially with oil prices moving like a roller-coaster. One should focus on picking up stocks that have a sound business and good management.

**Subsea 7 S.A. ([SUBCY](#) - [Free Report](#))** : Building underwater is tough, and sometimes things don't go according to plan. It's like trying to fix a pipe in a swimming pool, one wrong move and everything gets messy. But here we talk about Subsea 7, a U.K.-based company that helps build underwater oil and gas fields. It is a top player in the Oil and Gas Equipment and Services market, which is expected to grow as oil and gas production moves further offshore. This niche market faces relatively low competition, potentially resulting in higher profitability. The company is not just into oil and gas, but also into renewables like offshore wind farms, which could be a big growth driver in the future. SUBCY has a good track record of revenue and profit growth. This currently Zacks Rank #1 (Strong Buy) company operates under two segments — Subsea Conventional and Renewables.

SUBCY's shares rose 5.7% in the past three months against the Oil-Energy sector's 10.1% decline. You can see [\*\*the complete list of today's Zacks #1 Rank \(Strong Buy\) stocks here.\*\*](#)

**Enbridge Inc. (ENB - [Free Report](#))** : This global energy infrastructure giant owns and operates pipelines, gas utilities and renewable energy assets across North America and Europe. Enbridge's resilient portfolio generates predictable cash flow from diverse segments and geographies. It has a strong track record of organic growth and strategic acquisitions. This currently Zacks Rank #1 company expects C\$3 billion in growth projects to have boosted EBITDA in 2023. We anticipate that this performance will continue into 2024. ENB's shares have risen 11.5% in the past three months against the Zacks Oil-Energy sector's 10.1% decline.

**Sunoco LP (SUN - [Free Report](#))** : The largest independent fuel distributor in the United States, Sunoco has a significant market share and bargaining power, leading to stable revenues and profits. It distributes motor fuels like gasoline, diesel, and ethanol to various customers and has a vast network of 10,000 sites across 40+ states.

The company is expected to benefit from recovering gasoline demand and rising diesel fuel consumption, which are expected to increase as the world recovers from the pandemic-induced recession. This will drive demand for wholesale fuel distribution businesses, adding to Sunoco's distributable cash flows. Sunoco sports a Zacks Rank #1 at present. SUN's shares have risen 18.8% in the past three months against the Zacks Oil-Energy sector's 10.1% decline.

Despite a volatile 2023 for the energy sector, there are reasons to believe it can maintain its momentum in 2024. Several factors support this, including continued economic growth, the slow transition to cleaner energy sources and improved industry efficiency. While geopolitical risks persist, they could benefit certain low-cost producers and add a price premium.