



Don't Buy or Sell Suncor Energy Inc. Right Now

Description

Investors sometimes get a little trigger-happy and feel the need to make trades, even if they're not the right things to do. Whether that's buying or selling, it can be easy to make a trade because inaction doesn't always feel like an option.

But when it comes to **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)), inaction is exactly what I recommend. In other words, if you don't have any shares of Suncor or already have a position, don't buy any. And if you have shares of Suncor, don't sell any.

For the next few months, I want you to be patient. And here's why...

Fear and greed

Warren Buffett is notorious for saying that you should "be fearful when others are greedy and greedy when others are fearful." In other words, when people are buying a company and the stock is rushing up, don't follow the masses. And when people are selling a stock insanely, it's time to not follow the masses and start or grow a position.

But with Suncor, it's not quite so simple. The price of oil continues to drop and on Tuesday, it dropped below US\$50.00/barrel. And it didn't just dip under, but it actually dropped down to around approximately US\$47.50. If you asked me where I think oil is going to go, I'd be the first to tell you, "I don't know..."

And the truth is, no one does. That's why the price of oil continues to go down. There's so much fear right now that the price just keeps dropping, even if the market conditions don't support this sort of sell-off.

This puts us in a unique position. There is obviously tremendous fear and one part of my mind says that you should buy the stock. When there is fear, be greedy. But I also don't believe that the stock—or oil—is going to stay this low forever, which is why I don't think you should sell either.

Suncor is great, but there is another way

Suncor is one of the top energy companies in Canada. It has diverse holdings, it's tremendously efficient at producing oil, and it pays a dividend that I believe is safe. At 3.18%, it pays right around \$1.12 per share to investors. That's why, if you own the stock, I think you should keep your shares. This company is a solid company that can survive these oil prices.

The time to buy Suncor is when the price of oil honestly starts to rise. There will be a psychological recovery amongst investors where they breathe a sigh of relief. That'll likely send shares up—as well as the dividend—allowing you to profit.

But don't click away from this article just yet. Just because I want you to exercise caution when it comes to Suncor, there's another company that I think you should own immediately. This company can make money on oil whether the price is US\$35 or US\$200.

CATEGORY

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2. Investing

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