



## Should You Give Up On Suncor Energy Inc.?

### Description

**Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) is a very well-run integrated energy company with a ton of promising assets in Alberta's oil patch. The management team is top-notch, with a focus on cost management. This has allowed Suncor to stay head-and-shoulders above its peers during the rout in oil prices experienced over the last few years. When combined with a strong balance sheet, the company is capable of being profitable in a low oil prices environment, and any downside should be minimal when compared to its less efficient peers.

It's no mystery that Suncor is running one of the most efficient operators in the oil sands, but should the average Canadian investor even be putting their hard earned money in the Albertan oil patch with all the uncertainty surrounding the sector? There are way too many unknowns involved with an investment right now, so there's no point speculating on what might happen regarding proposed taxes or environmental regulations that may be put forth.

Carbon taxes and border taxes remain big question marks, and foreign investors have been divesting away from Alberta's oil patch that's run by Rachel Notley, and the NDP government, which may not be the best for Alberta's oil patch. There's a lot of headwinds right now, and even the great Warren Buffett dumped his shares of Suncor, but should you follow him out?

I'm not a huge fan of Alberta's oil sands because of the huge amount of uncertainty. But if you are going to invest in an oil sands company, Suncor is probably one of the best companies to own for your portfolio. The company is truly firing on all cylinders when it comes to production growth. Suncor forecasts a 13% production increase for 2017 with capital expenditures dropping by approximately \$1 billion thanks to efficiency initiatives. Capex is expected to be between \$4.8 billion and \$5.2 billion with between production being in the 680,000 and 720,000 barrels per day range.

If oil prices continue to rally over the next few years, then Suncor could definitely see upside as the company continues to be more efficient each year. But many pundits believe that oil prices may stay lower for longer, and if this is the case, then Suncor may remain relatively flat, hovering around the \$40 level of resistance like it has for the past few years since the Financial Crisis.

If you're an oil bull and you think proposed taxes will be kept reasonable, then Suncor could be a

fantastic play today. But if you're looking for quick gains, then look elsewhere because Suncor could be headed for a roller coaster ride over the next few years. If you already own the stock, I wouldn't give up on it, but there's definitely better opportunities available in today's market if you seek less uncertainty.

## CATEGORY

1. Investing

## TICKERS GLOBAL

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