



Vertically Integrate Your Portfolio With Suncor Energy Inc. Stock

Description

One of the most vertically integrated of any Canadian oil company, **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) has remained a [top pick of mine](#) in the Canadian oil patch for a number of reasons in recent years.

As the price of oil has continued to de-stabilize, investors have been left with little recourse in many cases but to exit the oil sands space altogether and look for options in other sectors until the price of oil improved. While commodity prices remain uncertain, a higher price of oil has generally been the tide that has lifted most ships higher of late, with oil producers seeing a boost across the board.

Take a look at the stock price chart of Suncor over the past five years. Notice the massive dip in the company's stock price when oil dropped to the US\$30 per barrel level?

Don't see it?

While the company's stock price did dip slightly, comparing Suncor to nearly any other oil company out there will yield an interesting finding; Suncor is simply less sensitive to movements in commodity prices than its peers (don't believe everything you [read](#) out there kids).

According to experts, Suncor is one of the least sensitive to oil prices of any Canadian company, and for good reason.

The vast majority of this elasticity with respect to the price of the fundamental commodity driving the company's business is that Suncor is so much more than an oil and gas production or exploration company. The firm pulls oil out of the ground, refines it at one of its four refineries, and sells it to the end consumer with its nifty network of approximately 1,750 gas stations.

Additionally, on the oil sands front, Suncor has more than 30 years of supply still in the ground waiting to be pulled out, with new proprietary extraction technology coming that's expected to lower the company's cost of production substantially, thereby reducing the impact of the ongoing heavy oil discount Canadian oil sands producers receive relative to global players.

As the company's two large expansion projects in Fort Hills and Hebron are now in production mode, investors will also benefit from lower capital expenditures this year, with lower levels of capex expected for the medium to long-term, as these new projects increase production sustainably over time and with less capital inputs.

In short, Suncor remains an excellent long-term play for investors worried about commodity price valuation, but who are looking for commodity exposure.

Stay Foolish, my friends.

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