



## Is It Finally Time to Buy Suncor Energy (TSX:SU)?

### Description

Excitement is building as [Warren Buffett's favorite energy stock](#) **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is scheduled to report second-quarter results on July 24, 2019. The important date is only a couple of weeks away, and so it might be a good time as any to finally buy the stock.

### Strong stock performance

Suncor shares are up 10.0% year-to-date, although the price has gone lower in the each of the month-end in the last three months. There's nothing alarming about the month-to-month price movement.

Oil prices fell in May and the trade tension between the U.S.-China weighed in on the stock market — not to mention the spat with Mexico over border security and the threat of higher tariffs on Mexican imports. The U.S.-Iran tension in late June lifted oil prices. OPEC's production cuts lent support to oil prices too.

The quarterly earnings report is coming up and the growth estimate for the current quarter is 15.1%. Market analysts are fairly optimistic that the stock will be boosted days leading to the day. If the results meet consensus estimates, the growth momentum will continue. The price could reach \$63.00 by early next year.

SU's current price of \$41.10 is an enticement already with the 4.0% dividend yield as the true incentive.

### Strong business outlook

Suncor Energy has delivered a total return on investment of 5173% since going public in 1992. The daily oil sands production also rose 600% during the same period. The company is mighty proud of delivering responsible growth and generating strong returns for shareholders.

As per company guidance, the projected compounded annual growth rate potential in the oil sands is 10 to 12% in oil sands in 2020 and 7 to 8% overall. Buffett sees Suncor as a great production company

with plenty of oil sands to work on.

The reserve life of 36 years for Suncor's current resources makes the company a cash generating machine. Capital expenditures won't be too heavy, as Suncor's changeover to a low-cost crude producer is almost complete. Some say being a low cost producer is harmful, but Suncor is shielded from extending crude discounts.

Because of the crude upgrading and refining capacities, Suncor has all the flexibility to sell higher margin products or sell end products at world-dictated prices. Despite the unpredictable oil prices, however, Suncor is a safe energy stock.

## Trophy stock

Billionaire Buffett is not fond of paying dividends. However, his conglomerate and individual investors who follow his lead can expect to receive high and increasing dividends for a long, long time.

My fondness for the stock is not because of the legendary value investor. Rather, Suncor Energy is Canada's premier integrated energy company. It is also the fifth-largest energy enterprise in North American. Suncor is a fixture on the global stage as a leading independent energy firm.

Owning shares of Suncor Energy is like owning a trophy stock. You can store it and [let your money grow without too much pressure](#). The "buy" signal is rumbling.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

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