



## This Energy Stock Could Soar Despite Today's Low Oil Prices

### Description

Oil is down at the moment, and with arguably better options for long-term growth in renewables and a global outlook that seems bent on keeping down the Brent, an investment in the black gold feels counterintuitive at this moment.

That said, there is still some upside to be creamed from the Canadian oil patch, so let's take a quick look at one of the top contenders for investors looking to cover themselves in oil before the summer ends.

### What are the risks to oil stocks right now?

Global demand is weighing heavily on oil, pushing per-barrel prices down to around the \$60 mark. While there have been some positive noises coming out of the Sino-American trade situation over the last few days, the market remains bearish when it comes to traditional energy. If the situation persists, any recent upward momentum in oil stocks could likely be reversed.

There are a multitude of moving parts in oil investing, making it a riskier play than relatively straightforward utilities investing. For instance, though a push to cut supplies is underway through until March, the global outlook has proved more of a deciding factor on prices.

Even rallying stock markets haven't done much to stop oil prices falling, with signs of weakening global economic growth dovetailing with accumulating oil inventories.

The situation won't improve soon, either: Both the International Energy Agency (IEA) and the Organization of the Petroleum Exporting Countries (OPEC) have reported this week that an oil surplus is expected in 2020.

If this coincides with a worsening global outlook, shareholders might expect their favourite oil stocks to have a rough time of it to put it mildly.

## Suncor stock could improve on positive developments

The sturdiest oil stocks could see a sudden improvement on three positive changes: strengthening global economic data, on a breakthrough in trade talks between the U.S. and China, and on stabilizing oil supplies.

This would mean that holding a stock such as Suncor could add value to your portfolio should any of these scenarios occur. Indeed, while the greatest long-term growth arguably belongs to renewables, there is still upside to be had from investing in oil.

Suncor is a particularly strong play for long-term Canadian energy investors. Paying a dividend yield of 4.14%, Suncor covers its distribution with strong cash flows and can boast payment growth that spans the last 16 years.

The stock is as dependable as any in the oil section of the **TSX**, and [trades at close to the industry averages](#) across key market ratios.

## The bottom line

Betting on Suncor is essentially the same as betting on a positive breakthrough in any one of a range of factors key to the global economy. As oil is weighed down with a number of factors, the alleviation of any one of them would [cause Suncor stock to rise](#).

In the long term, the stock's proven track record of dividend payments makes for a strong play for any investor expecting to see positive developments on the world stage.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

### Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

**Date**

2025/08/21

**Date Created**

2019/09/15

**Author**

vhetherington

default watermark

default watermark