



## Market Crash: 1 TSX Energy Stock I Bought and 1 I Sold

### Description

This market crash has been a great opportunity for investors to buy stocks cheap. And while a lot of industries were hit hard, no industry has been hit harder than energy. This has made TSX energy stocks extremely attractive to buy.

Many are attributing this market crash strictly to the coronavirus pandemic. But for oil companies, they were hit with a second attack.

The massive shutdown of businesses across the world was enough to impact the price of oil considerably from the demand side. Then the failure to get a deal done between Russia and OPEC caused an even bigger problem on the supply side.

This sent energy stocks into a tailspin, reducing valuations considerably for all companies. This is never a good sign for investors. However, it gives us the opportunity to average down, or rebalance our portfolios. That's exactly what I've been doing.

### TSX energy stock I bought

**Suncor Energy Inc** ([TSX:SU](#))([NYSE:SU](#)) is a stock I already had a small position in. However, the stock price collapsed below \$30 and that deal became too good to pass up.

In terms of energy producers, the company is probably the most attractive stock in Canada, and one of the only Canadian stocks that [Warren Buffett](#) owns.

The reason it's such a high-quality company is because of its integration. Suncor does more than just produce oil; it also refines it and sells it.

The midstream refining operations and downstream retail business help Suncor to mitigate the effects when commodity prices are this low. This is huge, since commodity producers are always price takers and at the mercy of the market.

Plus, in addition to all the quality assets and integration of Suncor's operations, it's also extremely well-run and in good shape to handle a short-term catastrophe like this.

Below \$25, Suncor, the top TSX energy stock, is too cheap to ignore. And the lower it goes, the better the discount. Especially since in the long term, this stock is easily worth \$40 or more.

## TSX energy stock I sold

**Peyto Exploration and Development Corp** ([TSX:PEY](#)) is the energy stock that I sold most of my position in.

There isn't anything necessarily wrong with Peyto, although it may run into problems in the future if the price of natural gas stays this cheap. For now, its dividend is intact but if this is sustained it may have to cut its dividend once again.

Going forward, Peyto still has considerable long-term value when commodity prices rebound, but so do many other energy companies now.

I originally owned Peyto because the stock had considerable value. However, now so many other TSX energy stocks also have major value. So I felt that my capital was better put to use in a major integrated stock like Suncor.

Like I mentioned before, the valuation on Suncor became too attractive to pass up. Additionally, I didn't want to increase my portfolio weighting of energy producers at this time. This resulted in me deciding to sell most of my Peyto position in order to buy Suncor.

Most of these energy producers will continue to trade at depressed valuations until commodity prices recover. So for me I'd rather be invested in a larger stock that can be better relied upon, due to its integration.

Furthermore, when sentiment gets stronger for energy stocks again, investors are far more likely to buy up the big names first.

## Bottom line

I'm still of the belief that you shouldn't sell stocks in a market crash. However, sometimes a better opportunity will present itself for your capital.

It would be quite short-sighted not to take these major opportunities. Especially if it was only because you want to follow the rule of not selling stocks during a bear market.

The important thing is that you are using these market crashes to invest in as many high-quality stocks as you can. This way you can position your portfolio as optimally as possible for the next lengthy bull run.

And right now, TSX energy stocks are some of the cheapest stocks on the market.

## CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

## TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:PEY (Peyto Exploration & Development Corp)
3. TSX:SU (Suncor Energy Inc.)

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