



Warren Buffett Is Holding Onto This 1 TSX Stock for Dear Life

Description

I think most investors will agree that after all the decline in the stock markets and the recovery in the last few months, most **TSX** stocks are fairly valued right now. Investors have had the time to deal with the panic-fueled decisions to sell off holdings, the risks with each company, and how the businesses have responded to the situation.

Some stocks are performing well. Naturally, high-quality blue-chip stocks are among the companies better off right now. Most [defensive stocks](#) are in safer territory right now, but there are a few stocks that are not making the best recovery. **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is among the companies that still have ground to make up.

Despite the weakness of the energy sector, Warren Buffett continues to hold onto his shares of the Canadian energy giant. Should you consider adding the stock to your portfolio at its low valuation right now? Let's take a better look at the company.

Suncor Energy

The energy sector has taken massive hits this year. The industry was already in trouble due to the brewing oil price war between Saudi Arabia and Russia. The result was a precarious situation for oil producers across the board. While the situation resolved, the onset of the pandemic made things worse for energy companies.

Oil prices have recovered to a higher value than they were before the pandemic, but companies are producing lower volumes of it due to a decrease in demand, and the recovery has been weak for companies like Suncor.

Warren Buffett is still bullish on the energy sector. His recent move of acquiring assets from **Dominion Energy** proves that he believes that this industry can prove to be beneficial.

If a vaccine that allows the world to return to relative normalcy can arrive, oil companies like Suncor will have a field day. It could see most of the lost demand return and allow energy companies to resume

production on full capacity. It could increase the recovery effort for the sector and help the vertically integrated Suncor boost its revenue.

At writing, Suncor is trading for 51% lower than its pre-pandemic pricing. It might be a concern to investors, but the company is busy navigating the health and oil crisis by decreasing its expenses. It scaled down its capital budget by almost 20% for 2020 to ride out the wave. The reduced spending will allow the company to generate higher cash flows in case of positive development with the global health crisis.

Foolish takeaway

When it comes to making the most of an adverse stock market environment, there is no one better to look up to than Warren Buffett himself. He's known for investing in U.S. companies, and Suncor is one of two Canadian companies in his holdings.

If the [Oracle of Omaha](#) did not believe in the recovery of the sector, he would have dumped the stocks like he finished his positions in airlines. Instead, he is holding onto the likes of Suncor. Trading for \$21.89 per share at writing, Suncor could be a valuable addition to your investment portfolio.

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