



Suncor (TSX:SU) Stock Just Skyrocketed 25% in a Day: Time to Buy?

Description

I've been [pounding the table](#) when it came to **Suncor Energy** ([TSX:SU](#)) stock, going as far as to name the ailing integrated oil play as [my top pick for November](#).

I noted in many prior pieces that Suncor stock was fundamentally undervalued and technically poised to soar. We may be all about the fundamentals here at the Motley Fool, but it can't hurt to have a gander at the technical story to determine a potential stock's timeliness. And when it came to Suncor, I saw few timelier names on the **TSX Index** in the spooky ending to the month of October.

Oil stocks surge on renewed COVID-19 vaccine hopes

On Monday, Suncor stock skyrocketed 25% in a single trading session on news of **Pfizer's** promising COVID-19 vaccine. The Pfizer vaccine, which is reportedly 90% effective in early trials, sent COVID-hit plays, including the battered energy names, into the stratosphere.

With a huge weight being lifted from the shoulders of various energy names, should investors look to add to their position now that there's some light at the end of the tunnel? Or is the energy stock pop a chance to take profits and run before the secular downtrend sends oil prices back off a cliff?

Suncor stock was too undervalued for its own good

I've been a lone bull on Suncor shares over the past several weeks. While nothing has changed regarding the continued secular decline in fossil fuels, there is the potential for further relief in the ailing Albertan oil patch as pandemic woes look to fade in 2021 and beyond.

At \$15, Suncor was just too good a value proposition to ignore. Shares traded at north of a 30% discount to book value, and shares looked poised to ricochet off what looked to be a solid support level heading into the U.S. election that many believed would include a Blue Wave. A green-friendly Joe Biden in the White House did not bode well for the fossil fuel plays, yet I continued to urge investors to buy best-in-breed Suncor, given the bar had already been lowered in preparation for a Biden with a

strong chance of a Blue Wave.

“Even if Joe Biden takes the oval office as investors expect, Suncor and many of its peers still look oversold and overdue for a technical bounce after months of excessive pressure,” I wrote in a [prior piece](#), urging investors to scoop up Suncor before it had a chance to move higher.

Should you buy, sell, or hold?

Today, with Suncor flirting with \$20, investors looking to punch their ticket to the integrated play have missed their shot. While Suncor stock still looks undervalued, there’s not that much upside to my personal price target of \$20. Moreover, I don’t think a huge uptick in oil prices is in the cards, even if a post-pandemic recovery is sooner than most expect. As such, I’m skeptical over Suncor’s ability to hit the \$25 consensus price target, which implies north of 30% worth of upside after Monday’s big day.

Even in normal pre-pandemic conditions, it’s not going to be a cakewalk for the firms operating in the unfavourable Albertan oil patch. That said, Suncor has the balance sheet and operating cash flow stream to make it through the continued hailstorm far better than most of its smaller brothers in the space.

Foolish takeaway on Suncor stock

Unless you’re keen on gaining oil exposure right here, I’d be more inclined to hold the name than accumulate more shares. After a 25% single-day pop, Suncor stock is at an increased risk of retracing.

If you’re looking to make a quick buck, there are far better opportunities out there. The opportunity to buy Suncor, I believe, has come and gone. So, if you missed out, I think it’s a better idea to move on.

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Author

joefrenette

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