



TSX Stocks: Buy Suncor (TSX:SU) Today?

Description

While many TSX stocks have had a rough 2020, Canadian energy stocks have been hit especially hard. Oil crashed severely in the spring, fuelled by global uncertainty as well as an all-out oil price war.

As such, stocks like **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) have fallen significantly this year. Even after a roughly 20% gain over the last week or so, shares of this TSX stock are still down about 53% on the year.

Suncor's deflated price and typical track record for growth makes it an intriguing option for investors to consider. However, one must weigh the risks against the rewards to see whether this is a stock worth owning now.

TSX Stock: Suncor

The good news surrounding Suncor, and really any TSX stock, is that a [COVID-19 vaccine](#) appears to be on the way. This would certainly help open up the economy, and the stock market has reflected this news with massive gains virtually across the board.

In fact, that 20% gain experienced by Suncor is directly related to the announcement of the potential vaccine. While Suncor has been hurting bad this year, this news gives hope for a brighter 2021.

However, there's still a second wave to deal with, as cases across Canada have continued to ramp up. If the economy remains very restricted, oil producers like Suncor will continue to feel the pain.

This TSX stock has already taken measures to help alleviate financial burdens by cutting its dividend by about 55%. That's the type of news no investors want to hear, especially ones seeking [passive income](#) or solid dividends in general.

However, a cut that large might give investors the confidence that there won't be another cut. Either way, with a yield of 4.21% as of this writing, there are simply other TSX stocks with less risk and higher yields available for those focused on income investing.

Recovery potential

Regardless of its dividend cut, it's clear the market sees Suncor as a stock just waiting to bounce back. This is evidenced by its enormous upward momentum from the vaccine announcement.

With oil prices starting to recover and stabilize, there's reason to believe Suncor could make a solid recovery through next year. If the stock can weather the storm until then, it has a good shot of returning solid value to investors.

Of course, the hit this stock is taking shouldn't be understated. As of this writing, it's carrying quarterly revenue growth of -34.4%. While projections for next year are still positive, that's a bleak situation to be in at the moment.

Even still, Suncor has valuable assets and the means to ramp production up given the opportunity. Cost reduction (which includes the cut dividend) will help this TSX stock bridge the gap until the economy is back up and running.

All in all, if you're willing to look past this TSX stock's current struggles, it certainly offers major recovery potential for 2021 and beyond. All the signs are there, and the market seems to feel the same way, too.

TSX stock strategy

With many Canadian stocks trading lower year to date, there are many options out there as far as stocks to ride through a recovery. Given that Suncor's revenues are so closely tied to how open and busy the economy is, a vaccine spells plenty of good news for the energy giant.

If you're looking for a stock that is poised to bounce back in a re-opened economy, Suncor is definitely worth a look.

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