



## Is Suncor (TSX:SU) Stock a Buy for 2021?

### Description

Many oil and gas stocks have struggled this year, but with the end of COVID-19 potentially in sight now that multiple vaccines are on the way, there's reason for optimism that next year could be a whole lot better for the industry. For a stock like **Suncor Energy** ([TSX:SU](#)) ([NYSE:SU](#)), which has lost nearly half of its value this year, it could be an appealing time to buy shares of this energy giant before a full recovery takes place.

### Why 2021 could be a great year for Suncor

Heading into the close of 2020, Suncor stock is trading right around its book value, and investors aren't paying much of a premium for one of the TSX's top stocks. And as people are vaccinated next year, and the economy slowly gets back to normal, that will push up the demand for oil, which will help Suncor's business. In its most recent quarterly results, the company reported an operating loss of \$302 million. Suncor blamed COVID-19 not just for lower prices but also lower refinery throughput, which dragged down its overall performance.

If the pandemic is not as significant of a factor in 2021, then next year's results should look a whole lot better for Suncor, especially with the company focusing more on cost cutting and running as lean an operation as possible. Suncor has incurred an operating loss in four straight quarters, which isn't typical for the company. Stronger results in 2021 could help drive a lot more bullishness behind the stock next year.

Another reason investing in Suncor could be a great move next year is its dividend. The company slashed its payouts earlier this year, from a quarterly dividend of \$0.465 to just \$0.21. The move wiped out several years of increases, and the last time the company's payout was lower was in 2013 when Suncor shareholders were receiving \$0.20 every quarter. However, if the company is able to turn things around in 2021, it wouldn't be surprising for Suncor to try and jump-start its dividend payments again and get them growing. Even if you invest in Suncor's stock today, you can still earn a great yield of 3.7%. While it might be a long shot for the company's payouts to get back to where they were before the pandemic, even an increase back to \$0.30 every quarter would bring the yield back up to around

5.2% (assuming a share price of around \$23).

## Bottom line

Investing in Suncor is a bit of a contrarian move to make today, but in 2021, it could pay off in multiple ways. Not only could the stock rise in value and generate some great returns for you, but if the company is doing well enough that it feels it can start raising its [dividend payments](#) again, investors can also benefit from a great yield and locking in a [low price](#) for the stock today.

Suncor's business still looks to be in great shape today, and that's all that matters right now. Although 2020 may have been a brutal year for the stock, next year could see shares of this oil and gas stock rally in a big way.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

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

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