



## Suncor Energy (TSX:SU) Stock Could Be 1 of the TSX's Biggest 2021 Winners

### Description

It's been a [brutal year](#) for **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) and the ailing energy patch, which has been feeling the full force of disruptions brought on by the [COVID-19](#) impact. Despite sporting one of the strongest balance sheets in the oil patch, profound pressures eventually caused Suncor to bring its dividend to the chopping block.

The post-dividend-cut reaction was quite gloomy, as shares proceeded to surrender all the gains posted in the March-April relief rally that was enjoyed by almost every stock out there. Eventually, Suncor lost its title of king of the oil patch to its top peer **Canadian Natural Resources**, which kept its dividend promise to investors while pulling the trigger on Painted Pony Energy in what I thought was a steal of a deal. While only time will tell, I think Canadian Natural may have walked away with the best M&A bargain of the year.

### Things are looking bright for Suncor Energy stock in 2021

While I do believe that Suncor will hike its dividend at a fast and furious pace once WTI (West Texas Intermediate) prices recover in the new year, potentially above US\$60, income-oriented investors will need to be patient with the name in the meantime. The challenging energy environment will carry over into the early part of 2021. With a potential third wave of COVID-19 cases that could be in store after this current one is over, Suncor and the broader basket of fossil fuel stocks could be in for one last plunge. Such a plunge may be the "last call" for contrarian investors who are looking for excess returns over the coming 18 months.

### Post-pandemic upside and a solid dividend

So, for investors willing to take a bit of short-term pain for a shot at an outsized long-term gain, Suncor looks like one of the best horses to bet on. The energy patch remains unsexy, as renewables continue to hog the limelight in the media. As energy demand picks up in the post-pandemic world, though, I certainly wouldn't be surprised to see WTI surge past US\$60 next year, with battered Canadian energy stocks leading the upward charge.

While a junior player in the oil patch with an unsteady financial footing may have more upside in such a bull-case scenario for the fossil fuel plays, I think Suncor sports the superior risk/reward. With shares of Suncor Energy trading at a nearly 10% discount to its book value, I see a wide margin of safety with the firm, which now has a Fort Knox-like balance sheet as far as fossil fuel plays are concerned.

## The Foolish takeaway on Suncor stock

Suncor is ready for another round in the ring with Mr. Market. And although shares are now a far cry away from the \$15 level, which I've pounded the table on, I still think the stock has plenty of room to run, as the stock is a country mile away from its pre-pandemic levels — a level that I think could be put to the test in as little as 18 months. Even if oil doesn't surge hand in hand with fossil fuel stocks in the new year, Suncor Energy stock will offer you a bountiful dividend that's currently yielding just shy of 4%. That dividend is more than enough incentive to hang in through what could be a bumpy road to the post-pandemic world.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

### Date

---

2025/07/31  
**Date Created**  
2020/12/24  
**Author**  
joefrenette

default watermark

default watermark